

The Auditor-General
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Performance Audit

Trials of Intensive Service Delivery

Department of Human Services

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Canberra ACT
16 June 2014

Dear Mr President
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Human Services titled *Trials of Intensive Service Delivery*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name.

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations

APS	Australian Public Service
ANAO	Australian National Audit Office
BAFW	Building Australia’s Future Workforce
BCG	Boston Consulting Group
CASSi	Customer Assessment and Support System—iteration
CSA	Customer Service Adviser
CSO	Community Service Officer
DEEWR	former Department of Education, Employment and Workplace Relations
DOHA	former Department of Health and Aging
FaHCSIA	former Department of Families, Housing, Community Service and Indigenous Affairs
LCTW	Local Connections to Work

Summary and Recommendations

Summary

Introduction

1. Many Australians experience barriers to economic and/or social participation due to disadvantage, which can arise from: low income; joblessness; health problems; low educational achievement; personal safety issues at home; or not having friends or family who can assist them in times of crisis.¹ Around five per cent of working age Australians experience multiple disadvantages—that is, three or more of these factors. People experiencing disadvantage, where eligible, may access relevant payments and services administered by the Department of Human Services (Human Services), which delivered \$149.4 billion in health, welfare and social payments on behalf of the Australian Government in 2012–13.

2. The 2011–12 Budget provided \$92.4 million over four years for Human Services to conduct two separate trials of intensive service models aimed at improving services to disadvantaged customers by delivering more tailored and intensive support. The two trials were:

- Case Coordination—focused on assisting disadvantaged customers on all benefit types; and
- Local Connections to Work—focused on assisting disadvantaged job seekers with complex needs.

3. The trials were components of a wider Service Delivery Reform (SDR) agenda announced in December 2009, which foreshadowed major structural and service delivery reforms within the Human Services portfolio, to be implemented over 10 years.²

1 Australian Social Inclusion Board (2012) *Social Inclusion in Australia – How Australia is faring*, p.24.

2 SDR had three objectives: to make people’s dealings with government easier through better service delivery and coordination of services; to achieve more effective service delivery outcomes for government by contributing to the achievement of government policy objectives; and to improve the efficiency of service delivery by integrating and automating service delivery and creating a flexible and agile system. Department of Human Services, *Service Delivery Reform: Transforming government service delivery*, Department of Human Services, Canberra, 2011, p. 5.

The trials of intensive service delivery

4. The Case Coordination and Local Connections to Work (LCTW) trials were targeted at disadvantaged customers with complex needs and barriers to economic and/or social participation. The trials were intended to assist customers to more effectively access local services that could address their needs. Research³ which informed the SDR agenda found that customers with the highest needs, including those with mental illness and other disabilities, were required to navigate, by themselves, a complex range of services from government and non-government service providers.

5. The trials were designed to adopt a very different approach to customer service as compared to the department's established 'transactional' model. The traditional model tends to focus on the immediate reasons prompting a customer to attend a service centre, whereas the trials aimed to offer a more individualised approach focusing on the coordination of local services to address clients' longer term needs and the barriers to overcoming disadvantage.

6. An important difference between the two trials was that there was no defined customer group targeted in Case Coordination, and participation was voluntary. This trial had a broad social inclusion focus, aimed at assisting disadvantaged customers on all benefit types. LCTW, on the other hand, assisted long term unemployed job seekers and unemployed youth who could be readily identified. Participation in LCTW was generally compulsory and also had a clear employment-related objective.

7. In other ways the trials had key similarities:

- they were delivered by trained customer service advisers, at times assisted by specialist staff such as social workers, and focused on harnessing a customer's positive attributes rather than on 'fixing' an individual's deficits⁴; and

3 Research was undertaken by the Boston Consulting Group in 2009 for the Department of Human Services to inform the development of the department's Service Delivery Reform agenda.

4 This 'strengths-based' approach is intended to focus on the positive attributes and underdeveloped capabilities of people who have been in some way compromised in their abilities or are seeking help for problems. It is an alternative to problem or deficit based approaches which are characterised by a focus on what is 'wrong' with a person and practitioner-driven interventions. Australian Social Inclusion Board, Strengths-based approaches to service delivery, June 2011, p.1.

- both relied on staff having a good knowledge of, and relationships with, local service providers to help customers access the services that may assist in addressing their needs. The range of local services was similar in both trials and included health, counselling, housing, emergency support, drug and alcohol and employment service providers (noting that employment service providers had a more central role in LCTW).

8. At the end of February 2014, 142 339 customers had participated in the Case Coordination trial and 38 Case Coordination trial sites had been established. Over the same period, 13 198 job seekers had participated in the LCTW trial and 17 LCTW trial sites had been established. The learnings and evaluations from the trials were intended to inform the development of options for an intensive services 'offer', for consideration by the Australian Government in 2014–15.

9. On 15 January 2014 the Minister for Human Services agreed to the department's proposal for the early closure of the two trials effective from early 2014–15 (instead of the end of the financial year), to assist with achieving savings associated with the Efficiency Dividend.^{5,6} The department informed the ANAO that it has put in place preparations for the closure of the trials.⁷

Audit objectives, criteria and scope

10. The audit objective was to assess the effectiveness of the Department of Human Services' management of the trials of intensive service delivery for customers with complex needs.

11. To form a conclusion against the audit objective, the ANAO adopted the following high-level criteria:

- the department had arrangements to support the effective planning and design of the trials;

5 The Efficiency Dividend, first introduced in the 1987–88 Budget, is an annual reduction in agencies' eligible appropriations. The Efficiency Dividend is intended to act as an incentive for agencies to find efficiencies and provides a visible return from the efficiencies to the Budget. See JCPAA (2008) *The efficiency dividend and small agencies: Size does matter*.

6 The 2011–12 Budget provided \$92.4 million over four years for the trials. Total expenditure on the trials to the end of February 2014 was \$44.7 million.

7 The department advised that the preparations have included: the suspension of further planning for the final external evaluation of the Case Coordination trial; limitations on new customers being referred to the trials; and no new sites have been established for either trial since the end of 2013.

- the department had effective mechanisms in place to identify, document and transfer learnings across the trial sites on a regular basis to continuously improve implementation over the life of the trials; and
- the department had evaluation strategies in place, including information/data gathering and monitoring systems, to allow for the formal assessment and documentation of the effectiveness of the trials.

12. The ANAO examined the department's management of the trials since 2011–12. The audit did not examine: the earlier management of the LCTW trials; and the department's management of intensive service initiatives under the Building Australia's Future Workforce package 'Helping Young Parents' and 'Jobless Families'.⁸

Overall conclusion

13. It has been estimated that over 750 000 working-age Australians face multiple disadvantages—such as a combination of joblessness, poor health and low educational achievement—and that most of these people are in receipt of payments and services delivered by the Department of Human Services.⁹ The 2011–12 Budget provided \$92.4 million for the department to conduct trials of two separate intensive service delivery models aimed at providing more tailored and intensive support to disadvantaged customers. At the end of February 2014 over 150 000 customers had participated in the trials at a cost of \$44.7 million with 55 trial sites established. While the trials were initially funded for four years¹⁰, the Minister for Human Services agreed to the department's proposal for the early closure of the two trials after three years of operation, to assist the department to achieve savings associated with the Efficiency Dividend.

14. The Department of Human Services' administration of the actual Case Coordination and Local Connections to Work trials of intensive service delivery has been generally effective. A sound governance framework was

8 The Building Australia's Future Workforce package, funded in the 2011–12 Budget, was comprised of 39 measures including the 'Helping Young Parents' and 'Jobless Families' measures and was designed to provide greater opportunities for skills development, training and employment. The LCTW trial was also a component of the package as well as being a measure in SDR.

9 Australian Social Inclusion Board (2012) *Social Inclusion in Australia – How Australia is faring*.

10 The intention was to build the evidence base and demonstrate proof-of-concept, with a view to informing options for an intensive services 'offer' for government consideration in 2014–15.

established to oversee the planning process, and the trials were developed having regard to the available evidence base, including related trials and overseas experience. A suite of performance measures, feedback mechanisms and evaluation strategies were also established, to track progress, inform the conduct of the trials and capture lessons learned. However, there was scope for improvement in key aspects of the Case Coordination trial's planning and monitoring, to strengthen the cost-benefit of the initiative, as the case for a trial on this scale¹¹ was not assessed and delivery targets were not adjusted in light of lower than expected client take-up of services available under the trial.

15. The planning and design of the trials were guided by sound governance structures and informed by a solid evidence base which included the views of relevant stakeholders, research, international experience and the results of previous trials. Output and outcome performance indicators were identified, along with measurable annual targets, to enable continuous tracking and measurement of progress against expected outcomes. The department also established a range of mechanisms in the Case Coordination trial to identify, analyse, transfer and capture learnings. Fewer mechanisms were adopted for the LCTW trial and for learnings across the two trials, which meant that the potential for learning may not have been fully realised.

16. Evaluation and monitoring strategies were developed during the design phase, consistent with a better practice approach, and the trials have been subject to continuous monitoring and periodic formal evaluations. Both qualitative and quantitative information was collected from a range of stakeholders—including customers, staff and service providers—and there was a focus on monitoring and evaluating performance against outputs and outcomes. Notwithstanding this review activity, the department did not brief the Minister or relevant stakeholders, such as the Department of Employment, on the findings of the interim evaluations—an oversight given the Government's substantial investment.

17. The findings of the review activity undertaken to date for the Case Coordination trial have been generally positive, with indications that the trial improved relationships between the department and local service providers. The majority of customers participating in the trial indicated that Case Coordination

11 The department planned to implement 44 sites over the four years of the trial. Thirty eight had been established at the end of February 2014.

assisted them in achieving their social and/or economic goals. The longer term outcomes from the trial, for example, whether participants achieved greater self-reliance¹², have not yet been evaluated. Review findings for the LCTW trial have been mixed in relation to whether the trial was achieving the expected employment outcomes and of the primacy of employment versus social outcomes. The most recent review activity suggests that the participants in the LCTW trial have not achieved 'off-welfare' outcomes¹³ at a higher rate than similarly disadvantaged job seekers not participating in the trial. However, positive social benefits to job seekers participating in the trial were reported as were community benefits such as significantly improved relationships between the department and local service providers.

18. The Case Coordination trial was planned to involve 44 sites over four years with 38 established; a substantial initiative¹⁴ which would have benefited from careful assessment of the advantages and disadvantages of a large-scale trial. However, the planning phase did not include a systematic analysis of options for the size of the trial, including the cost-benefit of including additional trial sites. Further, an ambitious target¹⁵ was originally set for the number of customers to be assisted through the Case Coordination trial. While the target was selected in the absence of reliable information¹⁶, the trial indicated that around 20 per cent of customers declined the invitation to participate in case coordination, and internal analysis and an interim evaluation suggested that the target warranted review.¹⁷ Nonetheless, the target was not revised and the department instead focussed intensively on increasing customer numbers to meet the target; an approach with potential implications for the cost-effectiveness and direction of the trial, as it risked servicing a wider group of clients than originally intended.

12 Becoming more self-reliant could include, for example, a customer making fewer requests for advance payments or, for a customer on an activity-tested payment being less reliant on welfare payments or moving off welfare payments altogether.

13 'Off-welfare' outcomes occur when job seekers are no longer reliant on welfare payments.

14 The trial was large compared to other trials conducted in the social policy area: the 2008 Centrelink Place Based Services trial involved seven sites; the Helping Young Parents and Jobless Families initiatives involved 10 local government areas; and the LCTW trial involved 24 sites established over four years.

15 Over the three years to 2013–14 the target for customers assisted by Case Coordination was 294,386.

16 In the absence of a pre-defined population group for Case Coordination, a key objective from the trial was to reliably identify customers who would benefit from this type of intensive service model.

17 The shortfall between the target for the number of customers assisted by Case Coordination and the actual numbers assisted was significant in the first two years of the trial: the 2011–12 target was 35,066 while the result was 9181 customers assisted; and the 2012–13 target was 113,160 whereas the result was 41,993 customers assisted.

19. As noted, the department will close the trials early in 2014–15 rather than at the end of the financial year, to assist it to achieve Efficiency Dividend savings.¹⁸ In the absence of agreement by Cabinet or senior Ministers, it is unusual that an agency would truncate a program funded as a new policy measure to deliver savings to contribute to meeting the Efficiency Dividend. Such a course is not consistent with the purpose of the new policy measure or the Efficiency Dividend. To garner the benefits of the approximately \$45 million and the three years already expended on the trials, the department will need to consider the best way to capture the lessons learned. Realising these benefits would involve the conduct of final evaluations of each trial to synthesise learnings and review findings to date; and utilising the baseline data for the Case Coordination trial to assess outcomes. It will also be important to achieve an orderly closure of the trial sites, with the timely provision of information and advice to customers and local service providers on future service delivery arrangements. The department has advised that it is putting in place processes to manage the early closure of the trials and has plans to undertake internal final evaluations of both trials.

20. The ANAO has made one general recommendation aimed at the benefits of evaluating and documenting the outcomes achieved from such lengthy and costly trials, to realise an appropriate return from their conduct and to inform any future initiatives relating to intensive service delivery.

Key findings by chapter

Planning and Design of the Trials (Chapter 2)

21. Effective planning of trials is a significant contributor to their successful implementation. At the outset, the department invested in the planning and design of both the Case Coordination trial and the LCTW trial. Governance structures used in the design phase of the trials included representation from relevant government agencies. Officials had sufficient opportunity to consider key aspects of the trials' design and established linkages with related government policies. Key stakeholders were also consulted, allowing the final trial designs to incorporate external views and experience. A solid evidence base was established drawing on relevant research, evaluations of previous

18 The 2011–12 Budget provided \$92.4 million over four years for the trials. Total expenditure on the trials to the end of February 2014 was \$44.7 million, based on information provided by the department.

trials and overseas experience. Evaluation strategies and program logic were also developed prior to implementation, consistent with a better practice approach.

22. The scope and duration of the trials were considered in the design and planning phase. Determining the number of trial sites required an assessment of the appropriate balance between: the financial commitment; testing key concepts and variables; and measuring the benefits obtained. Given the barriers facing some of the target participants and the nature of the social and economic outcomes sought, large-scale and longer-term trials may have been justified. However, departmental records do not indicate that the department assessed the cost-benefit of different options to inform the Government's decisions about the scale of the trials. The Case Coordination trial, in particular, was large but not adequately assessed, raising reasonable questions about the value for money of a trial on this scale.

Implementation and Continuous Learning (Chapter 3)

23. Establishing arrangements for continuous learning is critical to maximising the benefits of trials, building an evidence base and reducing risks. An important prerequisite to systematic learning is identifying performance measures for the desired outputs and outcomes of trials. The performance measures adopted for the trials had a number of positive features—being relevant, specific and measureable within particular timeframes. Both output and outcomes indicators were defined, and targets were set for each performance measure. For the Case Coordination trial, some targets were revised in light of experience gained as the trial progressed.

24. However, the target for one key performance measure—the number of customers assisted through the Case Coordination trial—was not revised, notwithstanding departmental analysis and the findings of an interim evaluation which suggested that the target warranted review. For instance, experience from the trial indicated that around 20 per cent of customers declined to participate in Case Coordination, but no allowance had been made for this in the original assumptions of customer demand which underpinned the target. In addition, initial customer demand estimates had assumed that all sites would be operational from the beginning of each financial year, but the implementation of new sites was in fact staggered over the term of the trial; further contributing to lower customer numbers than originally estimated. The significant difference between actual customer numbers and the target in the

first and second years of the trial¹⁹ resulted in an increasing departmental focus on strategies and processes to actively identify customers for referral to Case Coordination. While this was a reasonable interim response to the shortfall in customer numbers—given that one of the objectives of the trial was being able to accurately identify customers who could benefit from the Case Coordination trial—in parallel, the department could also have usefully reviewed the original assumptions of customer demand on which the target was based. The department's decision not to reconsider the target had potential implications for the cost-effectiveness and direction of the trial, as it risked servicing a wider group of clients than originally intended.

25. A range of mechanisms were used in the Case Coordination trial to identify, analyse and transfer learnings. Effective mechanisms included: implementation guidance; training; on the ground support; a helpdesk; periodic stocktakes and monthly reports; wiki pages; and mini-trials. However, a different approach was adopted for capturing learnings from the LCTW trial, based on the department's view that most of the necessary testing and refining of the service model had been conducted previously. While there is evidence that the LCTW trial evolved somewhat to reflect lessons learned, it was not on a scale that would have been expected for a long term trial.

26. A limited range of mechanisms were established to identify cross-trial learnings, notwithstanding recognition, in the design phase, of the potential benefit of concurrent trials for learnings. As a consequence, some key cross-trial learnings—apparent in interviews with staff and service providers in the ANAO's sample of trial sites—were not highlighted in the lessons learned analyses from the department.

Evaluation of the Trials (Chapter 4)

27. Formal evaluations of trials, at appropriate intervals, assist in: consolidating and documenting learnings; assessing progress; and informing policy direction. The usefulness of evaluations was demonstrated by the use of evaluation findings from previous trials in the evidence base that informed the design of the Case Coordination and LCTW trials. Both trials have been evaluated, employing aspects of better practice: the department advised that a baseline dataset was established for Case Coordination; qualitative and

19 See footnote 17.

quantitative information was gathered from a range of stakeholders (including customers, staff and service providers); there was a focus on outputs and outcomes; initial cost effectiveness calculations were undertaken for the LCTW trial; and comparative analysis was employed with 'control' populations.

28. The findings of the review activity undertaken to date for the Case Coordination trial have been generally positive, with indications that the trial improved relationships between the department and local service providers. The majority of customers who participated in the trial indicated that Case Coordination assisted them in achieving their social and/or economic goals. The tentative conclusion from the interim evaluation suggested that the Case Coordination trial responded to customers' needs and assisted many customers, however, it was not generally an 'individually transformational program'²⁰. The department advised that a base line data set for each Case Coordination trial site has been established including customer vulnerability measures but whether the trial has had an impact at this broad outcome level has yet to be assessed.²¹

29. Review findings for the LCTW trial have been mixed in relation to whether the trial was achieving the expected employment outcomes and of the primacy of employment versus social outcomes. The most recent review activity suggested that the participants in the LCTW trial had not achieved 'off-welfare' outcomes²² at a higher rate than similarly disadvantaged job seekers not participating in the trial. However, positive social benefits to job seekers who had participated in the trial were reported as were community benefits such as significantly improved relationships between the department and local service providers.

30. Despite establishing continuous learning mechanisms and conducting periodic formal trial evaluations, the department did not advise the Minister or other key stakeholders, such as the Department of Employment, of trial findings—an omission given the substantial time, resources and policy expectations invested in the trials.

20 Report to the Department of Human Services from the Australian Institute of Family Studies and the Australian National University (2013) *Evaluation of the Case Coordination Trial – Interim Report*, p.167.

21 Baseline data to be collected from customer records for each trial site include vulnerability indicators (such as drug and alcohol addiction, and homelessness), repeat requests for advance payments, urgent payments (related to crises), use of Centrepay, and breaches/participation failures and demographic data.

22 'Off-welfare' outcomes occur when job seekers are no longer reliant on welfare payments.

31. The early closure of the trials, with the agreement of the responsible Minister, is to contribute to the savings required for the department's Efficiency Dividend obligations.²³ Truncating a program funded as a new policy measure to deliver savings, to contribute to meeting the Efficiency Dividend, is a course not consistent with the purpose of the new policy measure or the Efficiency Dividend.

32. Given the early closure, however, it will be important for the department to achieve an appropriate return on the approximately \$45 million and three years already expended on the trials. This would involve conducting final evaluations of each trial to synthesise and document learnings to date, and utilising the baseline data for the Case Coordination trial to assess the social and economic outcomes. It will also be important to achieve an orderly closure of the trial sites.

23 The 2011–12 Budget provided \$92.4 million over four years for the trials. Total expenditure on the trials to the end of February 2014 was \$44.7 million based on information provided by the department.

Summary of agency responses

33. The proposed audit report was provided to the Department of Human Services and an extract was provided to the Department of Employment. The departments' summary responses to the audit are provided below. The formal departmental responses are included at Appendix 1.

Human Services

34. The Department of Human Services' summary response to the proposed audit report:

The Department of Human Services (the department) welcomes this report, and considers that implementation of its recommendations will further enhance the department's ability to realise the benefits of the Trials of Intensive Service Delivery.

The department agrees with the ANAO's recommendation. The department will complete an internal evaluation of the trials by December 2014 utilising the existing comprehensive evidence base in order to document learnings and considerations for future service delivery models. Outcomes of the evaluations will be reported to the Secretary.

The department also notes the Audit findings that the administration of the Case Coordination and Local Connections to Work trials of intensive service delivery have been generally effective, that the planning and design of the trials were guided by sound governance structures and that evaluation and monitoring strategies developed during the design phase, were consistent with a better practice approach.

Employment

35. The Department of Employment's summary response to the proposed audit report:

The Department of Employment has not seen the full report and notes ANAO's advice that none of the recommendations in the proposed report relate to the Department. As a key stakeholder in both trials, the Department stands ready to support the implementation of Recommendation 1 by continuing to provide the Department of Human Services with data relating to Case Coordination and Local Connections to Work.

Recommendations

**Recommendation
No.1**

Paragraph 4.57

To realise an appropriate return from the conduct of the Case Coordination and Local Connections to Work trials the ANAO recommends that the Department of Human Services completes, and reports on, final evaluations of the trials.

Department of Human Services' response: *Agreed*

Audit Findings

1. Introduction

This chapter provides background information on the Department of Human Services' two trials of intensive service delivery—the Case Coordination trial and the Local Connections to Work trial. The chapter also outlines the audit approach including its objective, scope and methodology.

1.1 Many Australians experience barriers to economic and/or social participation due to disadvantage, which can arise from: low income; joblessness; health problems; low educational achievement; personal safety issues at home; or not having friends or family who can assist them in times of crisis.²⁴ Around five per cent of working age Australians experience multiple disadvantages—that is, three or more of these factors. People experiencing disadvantage, where eligible, will access relevant payments and services administered by the Department of Human Services, which delivered \$149.4 billion in health, welfare and social payments on behalf of the Australian Government in 2012–13.

1.2 The 2011–12 Budget provided \$92.4 million to the department to conduct trials of two separate intensive service delivery models aimed at improving services to disadvantaged customers, by providing more tailored and intensive support:

- the Case Coordination trial focused on assisting disadvantaged customers on all benefit types; and
- the Local Connections to Work (LCTW) trial focused on assisting disadvantaged job seekers with complex needs.

Service Delivery Reform

1.3 The two trials were components of the Service Delivery Reform (SDR) agenda announced in December 2009 which foreshadowed major structural and service delivery reforms within the Human Services portfolio, to be implemented over a 10 year period. SDR had three objectives²⁵:

24 Australian Social Inclusion Board (2012) *Social Inclusion in Australia – How Australia is faring*, p.24.

25 Department of Human Services, *Service Delivery Reform: Transforming government service delivery*, Department of Human Services, Canberra, 2011, p. 5.

- to make people’s dealings with government easier through better service delivery and coordination of services;
- to achieve more effective service delivery outcomes for government by contributing to the achievement of government policy objectives; and
- to improve the efficiency of service delivery by integrating and automating service delivery and creating a flexible and agile system.

1.4 Table 1.1 outlines the three phases of SDR. The trials of intensive service delivery were components of Phase 2.

Table 1.1: Timeframe for SDR phases

Phase 1 2010–11	Phase 2 2011–12 to 2014–15	Phase 3 2015–16 to 2019–20
Planning and design	Integrating, simplifying and automating frontline services	Coordinating service delivery across government

Source: Department of Human Services, *Service Delivery Reform: Transforming government service delivery* [Internet].

1.5 The Phase Two reform program comprised four packages of work made up of twelve measures funded in the 2011–12 Budget²⁶:

- improved services to better meet people’s needs by providing more tailored and intensive services;
 - the two trials of intensive service delivery, Case Coordination and LCTW, were part of this package of work;
- improved access to services regardless of location;
- simplified interactions for the community that make it easier and quicker to access services; and
- an integrated department generating efficiencies to invest in more effective and efficient services to the Australian public.

1.6 The trials of intensive service delivery were consistent with, and dependent on, the department’s broader channel strategy²⁷ as outlined in its

26 Department of Human Services, *Service Delivery Reform: Transforming government service delivery*, p. 14.

27 Service delivery channel types as defined by the Australian Government Information Management Office (AGIMO) are: on-line, on-site, on-paper, on-call, on-air, and on-the-go. A Channel Strategy aims to ensure that there is an integrated and consistent approach to how these various channels are managed and used to deliver services to customers.

Strategic Plan 2012–16. The strategy envisaged customer service staff focusing on complex services and helping those most in need, while moving simple transactions to self-managed mechanisms where appropriate.²⁸ This approach was reflected in the business proposition for the Case Coordination trial:

It is anticipated that the majority of people using the portfolio services will be self-managed in the long term. This work is not being addressed through the Case Coordination workstream. It is being addressed through the Universal Offer, Portfolio Channel Strategy and Customer Relationship Management. The full realisation of the Case Coordination workstream is critically dependent on this work.

The two trials of intensive service delivery

1.7 The two trials—Case Coordination and LCTW—aimed to provide customers with more than payments by actively linking customers to local services that would assist them in overcoming barriers or achieving goals. Research undertaken to inform the SDR agenda found that customers with the highest needs, including those with mental illness and disabilities, were being required to navigate, by themselves, a complex range of service delivery options by government and non-government service providers.²⁹ The objectives of the Case Coordination trial as outlined by the department were that :

- people with additional needs received enhanced assistance from the department including appropriate referrals and follow up;
- people, processes and systems were in place to enable the department to consistently identify customers with complex needs who would benefit from more targeted or specialised services; and
- services were coordinated to increase ease of access and reduce duplication.

1.8 The objective of the LCTW trial was to help disadvantaged job seekers overcome barriers to social inclusion and economic participation so they could

28 Department of Human Services, *Strategic Plan 2012–16: Excellence in the provision of government services to every Australian*, Department of Human Services, Canberra, 2012, p. 8.

29 Research was undertaken by the Boston Consulting Group in 2009 for the Department of Human Services to inform the development of the department's Service Delivery Reform agenda.

move into employment or training over time. The case studies below tell the stories of customers who were assisted by the two trials.³⁰

Case Study 1

Case Coordination – Harrison

Harrison, a 52 year old man living alone in a public housing unit, was referred to Case Coordination when he informed his Service Centre that his electricity had recently been cut off and that his gas and income support payments had been stopped for several months. He was socially isolated with no phone or friends or family to call on for support. He walked with the aid of a crutch and could not drive or catch public transport. He had been in hospital and rehabilitation for a few months due to his health. Harrison advised that he had been unable to address the cessation of his utilities and income support payments due to his illness and a failure to receive notifications as a result of a neighbour tampering with his mail.

Case Coordination staff restored his income support payments and took steps to restore his gas and electricity by advocating on his behalf with the utility providers. This involved multiple phone calls to the providers and the Office of Housing due to uncertainty about the status of his accounts and problems with physical installation. Case Coordination staff also provided Harrison with information about a range of local services to assist him with advocacy and support in the future.

Case Study 2

LCTW – Wayne

Wayne, 32 years old, was referred to LCTW by his Employment Services Provider. He had been unemployed for 18 months and had a history of failing to actively take part in employment related activities (such as looking for work or undertaking education and training). LCTW identified several barriers to employment including drug dependency, housing stress, and depression and anxiety due to family breakdown.

Wayne, a LCTW staff member and a representative from a mental health service held a joint interview, during which Wayne was offered support and counselling. LCTW staff also assisted Wayne in finding stable housing, which relieved his stress and anxiety. Wayne was then able to complete his Certificate II in Warehousing. Upon being referred for work by his employment services provider, he obtained employment as a full time Warehouse Assistant.

1.9 The trials involved a very different approach to customer service compared to the traditional transactional model of service. The traditional model focuses on payment entitlement and eligibility and on addressing the immediate reason why the customer has attended the service centre. The trials

30 Names of customers were changed to protect their privacy. Based on Department of Human Services' documentation.

aimed to offer a more individualised approach which, by coordinating local services, would address clients' longer term barriers and needs beyond access to eligible benefit payments.

1.10 The key features of the LCTW and Case Coordination trials are shown in Table 1.2.

Table 1.2: Key features of LCTW and Case Coordination trials

Key Feature	Case Coordination	LCTW
Eligibility criteria	The department's customers with complex needs who would benefit from more targeted or specialised services in geographical areas of social and economic disadvantage (assumed to be around 15% of customers).	Very long term unemployed job seekers and unemployed youth in geographical areas of social and economic disadvantage.
How participants were identified	Customers were mainly drawn from the people who walked in to customer service centres and were identified by reception and other 'front of house' staff.	The majority of customers were identified as targeted customers. Department of Human Services staff and employment service providers could also refer customers to LCTW (non-targeted customers).
Compulsory or voluntary participation	Voluntary.	Generally compulsory.
Partnerships with local service providers	The department's staff built and maintained strong relationships with local service providers (community, state and local government) to assist customers with complex needs to access services.	The department's staff built and maintained strong relationships with local service providers (community, state and local government) to assist job seekers to access services. Key features were: <ul style="list-style-type: none"> Local providers deliver services from the department's shopfront on a rostered basis. At 30 June 2012, each LCTW site had an average of 22 co-located service providers. Joint interviews involving the jobseeker, the department and employment service providers.
Individualised strength-based approach ⁽¹⁾	Selected APS3 or APS4 staff in each trial site were trained in a strength-based approach to goal identification and interview techniques.	Selected APS 4 staff in each trial site were trained in a strength-based approach to goal identification and interview techniques.

Key Feature	Case Coordination	LCTW
Role of Social Workers	Social Workers provided additional support to Case Coordination staff including regular 'reflective practice' sessions to reinforce strength-based techniques.	Social Workers did not provide extra support to LCTW staff.
Team structure	The number of staff funded depended on the total number of customers in a trial site. Team models varied between a dedicated team, rotating staff, or a whole office arrangement.	A dedicated LCTW team (2x APS4, 0.2 x APS 5) at each trial site with an EL1 position funded for 3 months when new site was first established to set up service providers on site.
Reported outcomes in the Department of Human Service's Annual Report	In 2012–13 Case Coordination assisted approximately 42,000 people, with more than 65,000 connections to services and supports.	In 2012–13, 17 sites delivered LCTW services to more than 5,400 disadvantaged customers. A total of over 2,100 job placements, more than 2,400 education or training placements, and over 1,200 job placements of more than 13 weeks were completed in 2012–13, with some customers achieving more than one placement.
Recording of customer data	Initially recorded in a stand-alone database—CASSi (Customer Assessment and Support System—iteration). In early 2013, recording shifted to the NBS (Needs Based System), which is a new departmental-wide case management database.	Initially recorded in a stand-alone database—SRT (Services Recording Tool). In early 2013, recording shifted to the NBS (Needs Based System), which is a new department-wide case management database.

Sources: Department of Human Services, *Annual Report 2011–12*, Department of Human Services, Canberra, 2011; Australian Government, *Budget Measures: Budget Paper No. 2: Part 2 Expense Measures Human Services: 2011-12*, Commonwealth of Australia, Canberra, 2011; Department of Human Services' documentation.

Note (1): This 'strengths-based' approach is intended to focus on the positive attributes and underdeveloped capabilities of people who have been in some way compromised in their abilities or are seeking help for problems. It is an alternative to problem or deficit based approaches which are characterised by a focus on what is 'wrong' with a person and practitioner-driven interventions. Australian Social Inclusion Board, *Strengths-based approaches to service delivery*, June 2011, p.1.

1.11 The key similarities between the two trials were that:

- both aimed to assist customers who are disadvantaged, with complex needs and barriers to economic and/or social participation;
- both worked with customers using an individualised 'strength-based approach' (which focuses on harnessing a person's positive attributes rather than on 'fixing' a person's deficits—see Note 1, Table 1.2)

delivered by trained customer service advisers (at times assisted by specialist staff such as social workers);

- both trials relied on staff having a good knowledge of, and relationships with, local service providers to help customers gain access to the range of services they need to address their needs and goals;
- the range of service providers was similar in both trials and included health services, counselling services, housing services, emergency support, drug and alcohol dependency services and employment service providers (although employment service providers had a more central role in LCTW); and
- both trials operated in areas of high disadvantage and the learnings and evaluations from both trials were to provide input into the development of options for an intensive services offer to be considered by the Australian Government in 2014-15.

1.12 Key differences between the two trials were that:

- there was no defined customer group targeted in Case Coordination and participation was voluntary. This trial had a broad social inclusion focus, aimed at assisting disadvantaged customers on all benefit types. LCTW, on the other hand, assisted long term unemployed job seekers and unemployed youth who were readily identifiable, where the objective was moving into employment or training over time. LCTW was compulsory if a customer was identified as a target customer³¹;
- participation in Case Coordination was generally on a walk-in basis. LCTW was by appointment and most LCTW interviews were conducted jointly between the customer, the department and the employment service provider;
- service providers for Case Coordination did not generally co-locate. In LCTW, local service providers co-located within the department's service centres on a visiting, rostered basis so that customers had the convenience of a 'one-stop shop'.

31 LCTW did allow for a limited proportion of non-target customers to participate (limited to 15 per cent of all participants in the August 2013 Implementation Guidance). Department of Human Services staff and the relevant employment service provider could agree that a job seeker would benefit from LCTW. For these job seekers, if they were activity-tested, the participation in LCTW was compulsory.

1.13 The range of customers assisted by the Case Coordination and LCTW trials are illustrated by the following case studies.³²

Case Study 3

Case Coordination – Alan

Alan, an Aged Pension customer, was referred to Case Coordination after he expressed concerns about financial struggles: he and his wife had already taken their maximum advance loans to pay for car registration and insurance. In addition, his hot water system had broken down.

Case Coordination staff referred Alan to an appointment to assess his eligibility for a local community No Interest Loan Scheme. Within a few days of being informed of a successful application, he purchased a new hot water system with the funds and organised Centrepay deductions to make the repayments on the loan. Case Coordination staff also referred him to a financial counsellor to help him to have the appropriate budgeting skills in the future.

Case Study 4

Case Coordination – Penny

Penny was a 21 year old student who had difficulties with finding stable accommodation, which was impacting on her studies. She had been living with a friend's mother for the last six months but was unable to continue living there as they were relocating. Due to a relationship breakdown with her father, she was unable to live with her parents. Penny wished to complete a Certificate III occupational course through a local community centre as well as undertaking further study and employment. While she had previously been managing these studies well, she was now struggling due to the recent uncertainty of her housing situation.

Case Coordination staff referred Penny to Detour, a holistic service for young people at risk of homelessness. She attended an interview with Detour the following week and from there was linked to ongoing support to assist her with her housing situation. Upon follow-up by Case Coordination staff, Penny reported that she had maintained her studies and was in the process of reconnecting with her father.

32 Names of customers were changed to protect their privacy. Based on Department of Human Services' documentation.

Case Study 5

LCTW – Gillian

Gillian was a 50 year old woman who had previously had stable work experience in the public service. She took a redundancy payment to move location to care for her mother, using her superannuation to buy a unit. When her mother passed away, Gillian was diagnosed with depression and anxiety and was hospitalised after a suicide attempt. She obtained a temporary job but this was insufficient to resolve her increasingly difficult financial situation. She discovered that finding another job was very challenging given her age and time out of the workforce.

Gillian was referred to LCTW after her employment service provider became concerned about her health. LCTW staff worked with the provider to book an assessment of her capacity to work (Employment Services Assessment) and to place her in a computer course to update her skills. Through the course, Gillian found paid work and, when later followed up by LCTW staff, was also looking for more work.

Case Study 6

LCTW – Ruby

Ruby, an Indigenous woman, had completed numerous certificates, mostly working with Indigenous people and in Community Health, but was unsure of where to begin looking for that type of work.

Ruby presented to LCTW with low self confidence, was unsure of her abilities and could not identify any strengths that she had. Although Ruby had gained multiple skills through her prior training, she was applying for positions in cleaning but so far had been unsuccessful.

Over several months, LCTW and Ruby's employment service provider worked with Ruby to build her self esteem and self confidence by, for example, arranging work experience for her in an administrative role in an office.

Nine months after her first interview, Ruby made contact with LCTW to advise that she would not be able to attend her appointment as she had a four week work trial at an Indigenous agency in the role of Youth Worker.

Background to the Case Coordination and LCTW trials

1.14 The trials were developed and implemented in the context of a wider policy agenda relating to employment, social inclusion and public sector reform. Key policies comprising that agenda, and relevant to the trials, included:

- The Building Australia’s Future Workforce (BAFW) package³³, funded in the 2011–12 Budget, was designed to provide greater opportunities for skills development, training and employment. The LCTW trial, with its focus on assisting long term unemployed people into work, was one of the BAFW measures in addition to being a component of the SDR agenda.
- The department is currently implementing other place-based initiatives as part of the BAFW package—‘Helping Young Parents’ and ‘Jobless Families’ are being implemented in 10 disadvantaged local government areas and also use the individualised ‘strength-based approach’ and link participants to local service providers.
- The previous Australian Government’s 2009 policy statement *A Stronger, Fairer Australia* set out its approach to improving social inclusion.³⁴
- The March 2010 report of the Advisory Group on Reform of Government Administration *Ahead of the Game – Blueprint for the Reform of Australian Government Administration* recommended the development of integrated case coordination for citizens and their families with complex needs in particular locations.³⁵

Origins of the Case Coordination trial

1.15 A key impetus for, and influence on, the design of the Case Coordination trial was the Place Based Services initiatives undertaken by Centrelink in 2008 and 2009. Seven sites were selected with a focus on those people most vulnerable to the impacts of social exclusion. One of the sites,

33 <http://employment.gov.au/building-australia-s-future-workforce-bafw-evaluation-strategy> [accessed February 2014], <http://www.humanservices.gov.au/corporate/government-initiatives/building-australias-future-workforce> [accessed June 2013]. The 39 measures in the BAFW package were the responsibility of several departments and coordinated by the Department of Employment.

34 <http://pandora.nla.gov.au/pan/142909/20130920-1300/www.socialinclusion.gov.au/sites/default/files/publications/pdf/report-stronger-fairer-australia.pdf> [accessed February 2014]. The statement defined social inclusion as ‘building a nation in which all Australians have the opportunity and support they need to participate fully in the nation’s economic and community life, develop their own potential and be treated with dignity and respect’ p. 2. The policy statement outlined a set of Social Inclusion Principles to guide policy design and service delivery. These principles, which are set out in Table 2.1 in Chapter 2, informed the design and implementation of the trials of intensive service delivery.

35 Recommendation 1.2 of the Advisory Group on Reform of Australian Government Administration, *Ahead of the Game—Blueprint for the Reform of Australian Government Administration*, Commonwealth of Australia, Canberra, 2010, p. 35. The former Australian Government accepted all of the Advisory Group’s recommendations on 8 May 2010.

Logan in south-east Queensland, worked with people experiencing domestic and family violence, young people leaving state care and/or people with unmet mental health needs. It used a ‘person-centred planning process’ to increase a customer’s personal capacity and to connect them to appropriate services.³⁶ The Place Based Services initiative was evaluated by the University of Western Sydney with generally positive findings and a range of lessons learned.

Origins of the Local Connections to Work trial

1.16 The LCTW trial had its origins in a taskforce announced in November 2009 by the then Ministers for Education, Employment and Workplace Relations and Human Services. The Taskforce on Strengthening Government Service Delivery for Job seekers (the Taskforce) was set up to look at ways in which the Department of Employment³⁷, the Department of Human Services and the then separate Centrelink³⁸, could strengthen government service delivery for job seekers as Australia emerged from the Global Financial Crisis. One of the Taskforce’s terms of reference was to look at ‘place based strategies and wrap around services for disadvantaged job seekers in deeply depressed locations to reduce long term unemployment’.³⁹ As part of a trial based on the New Zealand Community Link model⁴⁰, four Centrelink service centres introduced LCTW from mid 2010. The trials were monitored by the Taskforce.

1.17 The Taskforce’s initial assessment of the results of the four trial sites was positive in relation to job placements for disadvantaged job seekers and youth and it recommended LCTW be rolled out to more disadvantaged

36 ANAO Better Practice Guide—*Innovation in the Public Sector*, December 2009, Canberra, Appendix A – Case Studies.

37 On 18 September 2013, reflecting the new Government’s machinery of government changes, the former Department of Employment, Education and Workplace Relations (DEEWR) was separated into the Department of Education and the Department of Employment. The functions relevant to the LCTW trial became part of the Department of Employment. To avoid confusion, throughout this report the department is referred to as the Department of Employment even if referring to a time period when the department was known as DEEWR.

38 Centrelink became part of the Department of Human Services on 1 July 2011.

39 Taskforce on Strengthening Government Service Delivery for Job seekers *Report to the Secretary of DEEWR and the Secretary of the Department of Human Services*, 2011, p. i., <http://foi.deewr.gov.au/node/8190>, [accessed June 2013].

40 Community Link centres host a range of community organisations and government agencies on a rostered basis to deliver coordinated support and services from the one location. The goal is to provide intensive services to high needs or hard-to-reach families that are tailored to individual needs. The model is discussed in more detail in Chapter 2.

locations.⁴¹ LCTW was rolled out to five more service centres in the first half of 2011.

Other intensive services and referrals to service providers offered by the Department of Human Services

1.18 The assistance provided to disadvantaged customers through the LCTW and Case Coordination trials was one type of intensive service support offered by the department. Traditionally, social workers have provided intensive assistance to distressed and/or highly vulnerable customers and linked them into other support services in the community. In addition, the department's Community Engagement Officers offer intensive support to homeless customers or those at risk of homelessness and may refer them to other services.

1.19 Customer Service Advisers, who provide the department's frontline services in customer service centers, may also refer customers to service providers when they have time and knowledge, and can see that customers have a clear need. They may, for example, provide referrals to emergency relief services such as food relief. However, such referrals are more informal and generally less informed compared to the processes employed under the Case Coordination and LCTW trials.

Early closure of the trials

1.20 On 15 January 2014 the Minister for Human Services agreed to the department's proposal for the early closure of the two trials effective from early 2014–15, rather than the end of the financial year, to assist the department to achieve savings associated with the Efficiency Dividend.⁴² The department informed the ANAO that it has put in place preparations for the closure of the trials including limitations on new customers being referred to the trials; and no new sites have been established for either trial since the end of 2013.

41 Taskforce on Strengthening Government Service Delivery for Job seekers, *Report to the Secretary of DEEWR and the Secretary of the Department of Human Services*, 2011, p. x.

42 The Efficiency Dividend, first introduced in the 1987–88 Budget, is an annual reduction in agencies' eligible appropriations. The Efficiency Dividend is intended to act as an incentive for agencies to find efficiencies and provides a visible return from the efficiencies to the Budget. See JCPAA (2008) *The efficiency dividend and small agencies: Size does matter*.

Funding for the trials

1.21 Funding for the trials as announced in the 2011–12 Budget is set out in Table 1.3.

Table 1.3: Funding for intensive service trials in 2011–12 Budget

	Case Coordination		LCTW
	Department of Human Services (\$m)	Department of Employment (\$m)	Department of Human Services (\$m)
2011–12	11.3	0.4	3.8
2012–13	18.1	0.4	4.1
2013–14	21.9	0.4	5.5
2014–15	21.6	0.4	6.1
Total	72.9	1.6	20.2 ^(a)

Source: Australian Government, *Budget Measures: Budget Paper No. 2: Part 2 Expense Measures Human Services: 2011-12*, Commonwealth of Australia, Canberra, 2011.

Note (a): Total includes \$0.7m capital funding to be met by the Department of Human Services.

1.22 In total, \$20.2 million (including \$0.7m of capital funding to be met by the department) was allocated to further expand the LCTW trial to 24 service centres over the four years to 2014–15.⁴³ The Case Coordination trial was to receive \$74.4 million over four years to establish 19 Case Coordination sites in 2011–12 increasing to 34 sites in 2012–13 and 44 sites by 2013–14.⁴⁴ The funding for the Case Coordination trials included \$1.6 million to the Department of Employment ‘to work closely with [the department] during the implementation and evaluation of the trial’.⁴⁵

1.23 As discussed in paragraph 1.20, the savings from the early closure of the trials are intended to be used to fund the department’s Efficiency Dividend.

43 In the 2011–12 Budget, the LCTW trial was funded under the Building Australia’s Future Workforce (BAFW) package.

44 Department of Human Services, *Annual Report 2011–12*, p. 78.

45 Australian Government, *Budget Measures: Budget Paper No. 2: Part 2 Expense Measures Human Services: 2011–12*.

Location of trial sites

1.24 Trial sites were located across all states and territories in selected geographical areas identified as disadvantaged locations. Table 1.4 shows the location of the trials sites for both Case Coordination and LCTW at February 2014. Of the 38 Case Coordination trial sites and 17 LCTW trial sites, eight locations conducted both types of trials.

Table 1.4: Location of Case Coordination and LCTW trial sites

Location	Case Coordination	LCTW
New South Wales		
Shellharbour ¹	✓	✓
Bankstown ¹	✓	
Casino	✓	
Fairfield	✓	
Kempsey	✓	
Mount Druitt	✓	
Newcastle	✓	
Parramatta	✓	
Tamworth	✓	
Taree	✓	
Walgett	✓	
Wyang ¹	✓	
Campbelltown		✓
Campsie		✓
The Entrance		✓
<i>Total for New South Wales</i>	12	4
Victoria		
Broadmeadows ¹	✓	✓
Shepparton ¹	✓	✓
Bendigo	✓	
Cranbourne	✓	
Dandenong	✓	
Melton	✓	
Springvale	✓	
Sunshine	✓	
Frankston		✓
Morwell		✓
<i>Total for Victoria</i>	8	4
South Australia		
Elizabeth ⁽¹⁾	✓	✓
Port Adelaide	✓	✓
<i>Total for South Australia</i>	2	2
Queensland		
Rockhampton ¹	✓	✓
Brown Plains	✓	
Bundaberg	✓	
Caloundra	✓	
Gladstone	✓	
Goodna	✓	

Location	Case Coordination	LCTW
Hervey Bay	✓	
Toowoomba	✓	
Woodridge ¹	✓	
Beenleigh		✓
Ipswich		✓
Maroochydore		✓
<i>Total for Queensland</i>	9	4
Western Australia		
Rockingham ¹	✓	✓
Mirrabooka	✓	
Mandurah		✓
<i>Total for Western Australia</i>	2	2
Tasmania		
Burnie ¹	✓	✓
Bridgewater	✓	
<i>Total for Tasmania</i>	2	1
Australian Capital Territory		
Braddon	✓	
<i>Total for Australian Capital Territory</i>	1	0
Northern Territory		
Darwin	✓	
Tiwi Islands	✓	
<i>Total for Northern Territory</i>	2	0
TOTAL	38	17

Sources: Department of Human Services' documentation.

Note (1) These locations also provide intensive services under the Building Australia's Future Workforce package. The specific initiatives, 'Supporting Jobless Families' and 'Helping Young Parents', are described in paragraph 1.14.

Audit approach

Audit objective, criteria and scope

1.25 The audit objective was to assess the effectiveness of the Department of Human Services' management of the trials of intensive service delivery for customers with complex needs.

1.26 To assist in evaluating the Department of Human Services' performance in terms of the audit objective, the ANAO used the following high-level criteria:

- the department had arrangements to support the effective planning and design of the trials;

- the department had effective mechanisms in place to identify, document and transfer learnings across the trial sites on a regular basis to continuously improve implementation over the life of the trials; and
- the department had evaluation strategies in place including information/data gathering and monitoring systems, to allow for the formal assessment and documentation of the effectiveness of the trials.

1.27 The audit scope included the department's management of the trials since 2011–12. The audit did not examine:

- earlier management of the LCTW trials; and
- the department's management of intensive service initiatives under the BAFW package 'Helping Young Parents' and 'Jobless Families'.

Audit methodology

1.28 The audit methodology included:

- an examination of the records of the Department of Human Services and the Department of Employment;
- interviews with departmental managers and staff involved in the trials, both in Canberra and in the service network;
- interviews with specialist departmental staff who have traditionally delivered intensive services, such as social workers;
- interviews with locally-based service providers in locations where the trials were being implemented; and
- visits to a number of trial sites.

1.29 The audit was conducted in accordance with the ANAO's auditing standards at a cost to the ANAO of approximately \$487,000.

Structure of the report

1.30 The remaining chapters in the report are:

- Chapter 2 – Planning and Design of the Trials;
- Chapter 3 – Implementation and Continuous Learning; and
- Chapter 4 – Evaluation of the Trials.

2. Planning and Design of the Trials

This chapter examines the planning and design of the two trials. Governance arrangements and stakeholder engagement during this phase are examined as well as the evidence on which the design of the trial was based. The development of the evaluation strategy and program logic for each of the trials is reviewed. Value for money considerations in the planning phase of the trials are also examined.

Introduction

2.1 Effective planning of programs and trials prior to implementation is a significant factor in their successful implementation. The ANAO has previously observed that inadequate preparation may lead to the emergence of unforeseen barriers and to delays, cost overruns, or a failure to deliver the intended benefits.⁴⁶

2.2 A clear program logic that sets out the inputs, activities and outcomes should be developed during the planning phase of any program or trial⁴⁷ to facilitate an effective evaluation.⁴⁸ An evaluation strategy should be developed during planning to allow for adequate information and data to be collected and for the monitoring of early program and delivery effectiveness, and for the longer term evaluation of outcomes.⁴⁹

2.3 Trials should also be designed with cost-effectiveness in mind. The scale and duration of the trial should be based on achieving an appropriate balance between: the financial commitment; the testing of key concepts and variables; and measuring the benefits obtained.

Governance arrangements and stakeholder engagement

2.4 Governance arrangements that are sound and incorporate effective internal and cross-agency arrangements can contribute to the successful

46 ANAO Better Practice Guide—*Implementation of Programme and Policy Initiatives: Making Implementation Matter*, October 2006, Canberra, p. 25.

47 *Develop Program theory/logic model* [internet], available from <http://betterevaluation.org/plan/define/develop_logic_model> [accessed 21 January 2014].

48 L Holt, *Understanding Program Logic* [internet], Department of Human Services, Victoria, August 2009, available from <[http://docs.health.vic.gov.au/docs/doc/EF8861765B99DB1ECA257B19007DBA75/\\$FILE/understanding_program_logic.pdf](http://docs.health.vic.gov.au/docs/doc/EF8861765B99DB1ECA257B19007DBA75/$FILE/understanding_program_logic.pdf)> [accessed 21 January 2014].

49 ANAO Better Practice Guide—*Innovation in the Public Sector*, p. 34.

planning and design of programs and trials. Formal and informal stakeholder consultation and engagement is fundamental to understanding the issues and dynamics around initiatives and contribute to the effective planning of initiatives such as the trials.⁵⁰

Case Coordination trial

Governance arrangements

2.5 The development and design phase for the Case Coordination trial lasted from early 2010 to mid 2011, allowing adequate time for consideration of issues through a well-developed governance framework. The main governance body during this time was the Strategic Partnerships Inter-Departmental Committee Policy Working Group for Case Coordination (the Policy Working Group)⁵¹, which included senior executive representation from relevant agencies.⁵² The Policy Working Group provided advice and direction on the development of a business proposition for case coordination, the assessment framework, the management of stakeholder engagement and the design of the evaluation framework. The Policy Working Group advised and engaged with stakeholders from other government departments, state and territory governments and non-government agencies. Outcomes from the Policy Working Group were also considered by the Service Delivery Reform (SDR) Steering Committee (discussed below at paragraph 2.7).

2.6 Three sub-working groups were formed in November 2010 to assist with the design of the trial and reported to the Policy Working Group on key aspects of the trial. These groups met approximately fortnightly for a period of three months during the planning phase as part of the design process:

- The Needs Based Assessment Working Group oversaw the development of a framework for identifying and referring customers to Case Coordination and provided business requirements for the IT system to support the framework.

50 ANAO Better Practice Guide—*Innovation in the Public Sector*, December 2009, Canberra, p. 12.

51 This Policy Working Group reported to the Strategic Partnerships Inter-Departmental Committee (SP IDC), which was a high level interagency body comprising the Secretaries of the Departments of Employment, Human Services, and the then Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). The SP IDC met quarterly and oversaw the performance and development of the Department of Human Services' service delivery system and its alignment with expected policy outcomes; and reported at least annually to the responsible ministers.

52 The agencies represented on the Policy Working Group were the Department of Human Services, the Department of Employment, FaHCSIA, and the then Department of Health and Ageing (DoHA).

- The Strategic Implementation Working Group analysed, advised and provided recommendations on implementation strategies that aligned with policy department requirements and broader government agendas. Its role included: identifying appropriate governance arrangements; considering ongoing staff support mechanisms; and reporting on risks, opportunities and issues for each trial site.
- The Stakeholder Engagement Working Group developed and implemented the stakeholder engagement strategy, engaged with national partners through existing forums and oversaw stakeholder engagement for the trial sites.

2.7 During the design phase and subsequently, the key internal governance arrangements for the Case Coordination trial within the Department of Human Services were part of the machinery in place for developing and implementing the SDR agenda, an approach intended to integrate trial planning with the broader reform agenda.⁵³ These arrangements included the SDR Steering Committee, whose members comprised senior executives from across the relevant areas of the department. Consistent with better practice, a project Senior Responsible Officer for the Case Coordination trial was appointed at the SES 1 level and a program Senior Responsible Officer at the SES 2 level.⁵⁴ The SDR Steering Committee was responsible for the oversight of all SDR programs, of which the Case Coordination trial was one⁵⁵ and was responsible for the management of risks, interdependencies and the realisation of benefits of the SDR program.

53 A committee—comprising executives from the Department of Human Services and the then separate portfolio agencies of Centrelink, Medicare Australia and CRS Australia (formerly the Commonwealth Rehabilitation Service)—was formed after the announcement of the SDR agenda in 2009. This committee developed the SDR package of measures which was considered in the 2011–12 Budget including the Case Coordination trial and the LCTW trial. Following the SDR Budget announcement in May 2011 and the creation of the merged DHS in July 2011, a revised framework for SDR was developed to monitor and report on the implementation of the SDR 2011–12 Budget measures, including the Case Coordination and LCTW trials.

54 The ANAO has previously observed that 'To be effective, policy and programme implementation requires there to be a senior responsible officer who is accountable for the success of a policy's implementation. This is the person to whom the relevant minister and executive turn for progress reports and details of emerging risks.' ANAO Better Practice Guide—*Implementation of Programme and Policy Initiatives: Making Implementation Matter*, October 2006, Canberra, p. 13.

55 The governance arrangements for the SDR package of measures were examined in ANAO Performance Audit Report No.42 2012–13 *Co-location of the Department of Human Services' Shopfronts*, pp. 56–58.

Stakeholder consultation and engagement

2.8 During the planning and design phase, the Department of Human Services consulted with a range of internal and external stakeholders on the Case Coordination trial. As discussed above, relevant government departments were engaged with the development of the Case Coordination trial through the governance arrangements. Internal stakeholders were engaged through the extensive SDR process.

2.9 Other stakeholders were briefed during the design of the trial including the Social Inclusion Board and non-government stakeholders, such as the Australian Council of Social Service and the National Welfare Rights Network.⁵⁶ Usefully, two surveys were conducted in 2011 to assist the Department of Human Services to develop the Case Coordination stakeholder engagement strategy and to develop relationship benchmarks used to evaluate the Case Coordination trial. A survey of 305 local advocacy and service delivery organisation representatives from 19 sample sites was undertaken to identify the existing level of satisfaction and identify opportunities for improvement in the way community organisations work with the department. In addition, a survey of 44 peak community organisation representatives was undertaken which covered areas including the organisations' satisfaction with the Department of Human Services' agencies, improvement suggestions and their opinions on the Case Coordination approach.

Local Connections to Work trial

Governance arrangements

2.10 The development and design phase of the LCTW trial lasted from late 2009 to late 2011. During most of this time, the main governance body was the Taskforce on Strengthening Government Service Delivery for Job Seekers (the Taskforce) which had been established in November 2009 by the Secretaries of the Department of Human Services and the Department of Employment.⁵⁷ The Taskforce consisted of representatives from both departments as well as

56 The briefings occurred through the general consultation arrangements of the SDR package.

57 On 18 September 2013, reflecting the new Government's machinery of government changes, the former Department of Employment, Education and Workplace Relations (DEEWR) was separated into the Department of Education and the Department of Employment. The functions relevant to the LCTW trial became part of the Department of Employment. To avoid confusion, throughout the chapters the department is referred to as the Department of Employment in this audit report even if referring to a time period when the department was known as DEEWR.

the then separate agencies of Medicare Australia, Centrelink and CRS Australia. Its role was to look at ways to strengthen Government service delivery for job seekers as Australia emerged from the global recession, including through place based strategies and wrap around services for disadvantaged job seekers in deeply depressed locations to reduce long term unemployment.⁵⁸

2.11 The Taskforce's work relating to LCTW was supported by a Steering Committee and various Working Groups with members from the relevant agencies.⁵⁹ Key responsibilities for the Committee and Working Groups included providing a forum for stakeholder input on the implementation of LCTW sites and refining the detail of how LCTW sites would operate.

2.12 The Taskforce introduced LCTW in Centrelink Service Centres, with four sites commencing in May and June 2010. The Taskforce's initial assessment of the results of the four trial sites was positive in relation to job placements for disadvantaged job seekers and youth, and it recommended that LCTW be extended to other disadvantaged locations. LCTW was rolled out to five more service centres in the first half of 2011.

2.13 After the dissolution of the Taskforce in July 2011, the governance mechanisms for the implementation of LCTW were merged into the comprehensive SDR arrangements (as outlined in paragraph 2.7) and were aligned with arrangements for the Case Coordination trial. These arrangements also included the appointment of Senior Responsible Officers at the project (SES 1) and program level (SES 2).

Stakeholder consultation and engagement

2.14 The Taskforce undertook stakeholder engagement and consultation during the planning, design and early implementation phases of LCTW, with peak welfare and employment service organisations, the Social Inclusion Board, the Commonwealth Ombudsman and the Australian Chamber of

58 Taskforce on Strengthening Government Service Delivery for Job seekers *Report to the Secretary of DEEWR and the Secretary of the Department of Human Services*, 2011, p. i., <http://foi.deewr.gov.au/node/8190>, [accessed June 2013].

59 The agencies represented on the Taskforce were the Department of Employment, CRS, the then FaHCSIA, Centrelink and Medicare.

Commerce and Industry. In addition, local level consultations were facilitated through Community Partnership Groups.⁶⁰

The evidence base for the trials

2.15 There is a clear benefit in any new policy initiative, including trials, being grounded in a sound evidence base from the earliest stages⁶¹, including relevant international experience and prior learning from other trials and programs where available.

2.16 Both the Case Coordination and LCTW trials were strongly influenced by the New Zealand Community Link model (see Case Study 1).

Case Study 1

New Zealand Community Link model

The Community Link Model was implemented by the Ministry of Social Development in New Zealand in 2008. Under Community Link, government and non-government organisations work together to assist disadvantaged people and their families overcome disadvantage and barriers to social inclusion and economic participation. Community Link shopfronts host a range of community organisations and government agencies on a rostered basis to deliver coordinated support and services from the one location. The organisations and agencies involved include housing authorities, disability service providers, community welfare agencies, employment and education services, health services and mental health and drug and alcohol services. The goal of the shopfront is more than just a co-location of services—it is the delivery of an integrated service response that is client-centred. The goal is to provide intensive wrap-around services to high need or hard-to-reach families tailored to individual needs. Evaluation of this model has shown improved outcomes for clients and their families across a range of measures.

Source: New Zealand Government publications, Taskforce documentation, and M Horn, *Community Link in New Zealand* [internet].

2.17 The design of the Case Coordination and LCTW trials was also influenced by social inclusion principles developed by the Social Inclusion

60 For LCTW at the local site level, Community Partnership Groups (CPGs) were established to provide local governance and an ongoing mechanism to engage and consult with stakeholders. The membership of these groups included co-located Employment Service Providers, community service providers (both co-located and non co-located), state government agencies, local councils and State Offices of the then DEEWR and the then FaHCSIA.

61 ANAO Better Practice Guide—*Innovation in the Public Sector*, pp. 12 and 20.

Board in 2008.⁶² For example, strength-based interviewing was a key technique used in both Case Coordination and LCTW interviews, and building robust partnerships with key stakeholders was a central component of both trials.

Case Coordination trial

2.18 In addition to the New Zealand Community Link model, the Department of Human Services drew on lessons learned from previous Australian initiatives to inform the design of its Case Coordination model, including the Place Based Services Initiative and the Personal Advisers program. The department also used research from the Boston Consulting Group (BCG) in 2009 which had informed the development of its wider Service Delivery Reform (SDR) agenda.

2.19 The Place Based Services Initiative was conducted by Centrelink in 2008 to 2009, focusing on seven sites experiencing disadvantage. Under the initiative a different focus was adopted depending on local need. For instance, in Northern Adelaide the focus was on youth, single parents and Indigenous customers to increase their social and economic participation by providing place based integrated management; whereas in Broadmeadows, Melbourne, the focus was on young refugee job seekers to identify their strengths and weaknesses and assist them to develop and achieve their own goals.⁶³

2.20 In designing the Case Coordination trial, the department had regard to a University of Western Sydney evaluation of the Place Based Services Initiative which had noted the importance of collecting baseline data to measure the ‘value added’ effect of the initiative. The evaluation recommended that:

There is scope to extend the personalised service delivery model (adjustable service offer) beyond specific Place Based Initiatives. For instance, each Centrelink Service Centre could have one or two senior customer service advisors trained and designated to work with a Social Worker to provide a

62 Australian Social Inclusion Board, *Social Inclusion Principles for Australia* [internet], 2009, available from <<http://pandora.nla.gov.au/pan/142909/201309201300/www.socialinclusion.gov.au/resources/publications4658.html?page=2>> [accessed 15 Jan 2013]. Principles included ‘building on individual and community strengths’, ‘developing tailored services’ and ‘building joined-up services and whole of government(s) solutions’.

63 A case study of the initiative appeared in the ANAO Better Practice Guide—*Innovation in the Public Sector*, December 2009, Canberra, Centrelink, p. 15.

more personalised service for those customers identified as requiring extra assistance based on need.

2.21 The department also incorporated lessons learned from the earlier Personal Advisers program, in the design of the Case Coordination trial. The program was conducted in the early 2000s, and targeted income support customers to help them develop individual strategies for increasing economic and social participation, achieving greater self-reliance and contributing to their community. An evaluation of the program, conducted in 2004, found that identifying customers for assistance from the program on the basis of membership of a target group (for instance, Indigenous customers) lacked sensitivity and led to inappropriate referrals. As a result, one of the key design features of the Case Coordination trial was that the targeted customer base was much broader and based on individual needs rather than aimed at defined groups.

2.22 Elements of the Case Coordination model were also based on the extensive work undertaken by the Boston Consulting Group (BCG) for the development of the Service Delivery Reform (SDR) agenda. BCG found that customers with the highest need were not getting the assistance required for several reasons including that: the department had informal and sometimes weak linkages with state, local and non-government providers; and the department required that citizens with the highest need navigate the complexity of service delivery themselves.

Prepiloting

2.23 Piloting or pre-testing options in a small sample of sites is an effective way of developing processes and testing approaches for a program or trial.⁶⁴ To inform the development of the Case Coordination model, the Department of Human Services conducted pre-testing of the model in four sites in May and June 2011 prior to the rollout which began in September 2011. The department used a site observation methodology⁶⁵ to iteratively test components of Case Coordination. Some of the lessons learned from the four pre-test sites that informed the implementation of subsequent trial sites, included: that the communication between the front of office and the staff working in the Case

64 ANAO Better Practice Guide—*Innovation in the Public Sector*, pp.24–25.

65 The site observation methodology involved observing the interaction between staff and customers using an assessment test checklist.

Coordination role was critical; and the importance of Case Coordination staff understanding the limitations of their role in the trial, and not overlapping with the role of social workers.

Local Connections to Work trial

2.24 As noted above, the design of LCTW was primarily based on the New Zealand Community Link model⁶⁶ (See Case Study 1) but it also incorporated other sources of evidence, including the Centrelink Place-Based Services trial, which informed the strength-based interview technique, and the Australian social inclusion principles.

2.25 Staff from the Taskforce on Strengthening Government Service Delivery for Job Seekers⁶⁷ visited New Zealand in November 2009 to gain a better understanding of the New Zealand approach and to determine which features of the model could be adapted to a similar program in Australia. Aspects of New Zealand's Community Link model incorporated into the design of LCTW included:

- the co-location of a range of government and non-government service providers onsite on a rostered basis;
- the importance of local community engagement to the success of the model; and
- joint interviews between the department and service providers.

Early planning for evaluation and the program logic

2.26 Evaluation is important in providing an evidence base to underpin policy innovation.⁶⁸ During the planning and design phase, and prior to implementation, an evaluation strategy should be developed.⁶⁹ A well designed evaluation strategy identifies the data to be collected, and should be

66 Taskforce on Strengthening Government Service Delivery for Job seekers *Report to the Secretary of DEEWR and the Secretary of the Department of Human Services*, p. 52.

67 The Taskforce is discussed in paragraph 2.10

68 ANAO Better Practice Guide—*Innovation in the Public Sector*, p. 40.

69 'Better indigenous policy: the role of evaluation', *PC Update No.53 May 2013*, Productivity Commission, Melbourne, 2013, p. 18; Coordinating Committee on Innovation, *Best Practice Guide to Evaluation of Science and Innovation Initiatives*, [internet], Department of Industry, Innovation, Science, Research and Tertiary Education, Canberra, 2012, p. 6, available from <<http://www.innovation.gov.au/Innovation/CouncilsandForums/Documents/CCIBestPracticeGuidetoEvaluationofScienceandInnovationInitiatives.pdf>> [accessed 31 January 2013].

based on the program logic. Program logic explains the logic by which the initiative is expected to achieve its objectives⁷⁰, and incorporates key activities (or inputs), outputs, and outcomes.⁷¹ It needs to clearly link activities and strategies with expected outcomes.⁷²

2.27 The department developed a documented evaluation strategy and program logic prior to the implementation of both the Case Coordination and LCTW trials. The key features are discussed below, while implementation of the evaluation framework is examined in Chapter 4.

Case Coordination trial

2.28 The Case Coordination trial was supported by a comprehensive evaluation framework which included a clearly articulated program logic developed in the design phase of the trial. This work was progressed by an Evaluation Steering Committee⁷³ established in January 2011 by the Policy Working Group on Case Coordination.⁷⁴

2.29 Figure 2.1 shows the Case Coordination program logic developed as part of the Monitoring and Evaluation Framework. The program logic describes the range of outcomes and outputs anticipated to be gained by the trial. Outcomes were primarily social, for example self-reliance and easier access to services, but also economic, for example better levels of economic participation and hence better life circumstances.

70 Coordinating Committee on Innovation, *Best Practice Guide to Evaluation of Science and Innovation Initiatives*, [internet], p. 6.

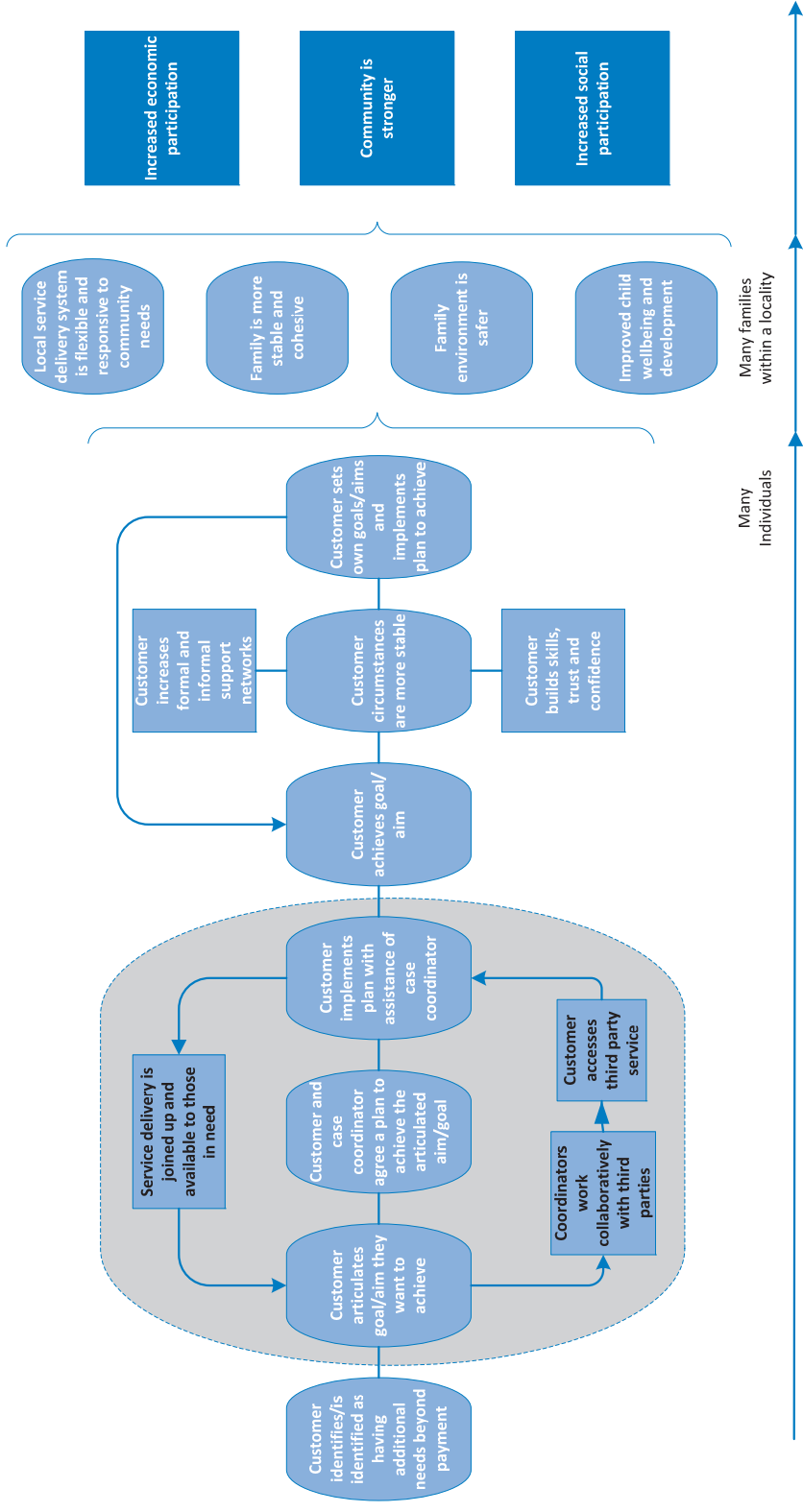
71 L Holt, *Understanding Program Logic*, [internet].

72 Department of Finance and Deregulation: Office of Evaluation and Audit (Indigenous Programs), *Evaluation of the Indigenous Youth Mobility Program*, Department of Finance and Deregulation, Canberra, 2009, p. 6.

73 The agencies represented on the Evaluation Steering Committee were the Department of Human Services as well as Medicare Australia and Centrelink and the then FaHCSIA, the Department of the Prime Minister and Cabinet, the then Department of Health and Ageing, the then Department of Finance and Deregulation, the then Department of Immigration and Citizenship and the Department of Employment.

74 The Evaluation Steering Committee ceased to meet in July 2011 following its approval and finalisation of the Case Coordination Monitoring and Evaluation Framework.

Figure 2.1: Case Coordination program logic



Source: Department of Human Services' documentation.

Local Connections to Work trial

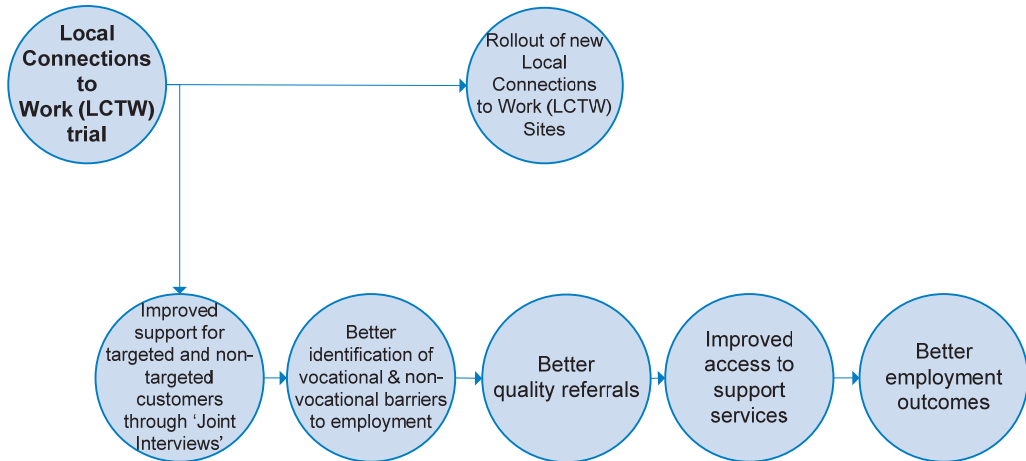
2.30 The Taskforce developed an evaluation and monitoring strategy and program logic for LCTW prior to implementation. The Evaluation and Monitoring plan of March 2011 for LCTW was less comprehensive than the Case Coordination Monitoring and Evaluation Framework; however it did detail measures of success and service delivery operational performance outcomes. The plan indicated that the LCTW evaluation was to be merged into the Case Coordination evaluation framework from mid-2011 to enable the sharing of learnings across trials.⁷⁵

2.31 While the LCTW trial did not have a diagrammatic representation of the program logic from the outset, LCTW documentation sets out the activities and outcomes of the trial and how these would be achieved. For instance, the LCTW Project Plan of April 2010, which was developed prior to the implementation of the first sites, detailed the expected benefits, outcomes, assumptions, and inputs (for example resources and expenditure) of the trial. The Taskforce described the range of outcomes (or 'indicators') anticipated to be gained by the trial. Outcomes were both social, for example management of health issues or homelessness, and economic, for example better employment outcomes. A significant 'lag' time was to be expected between a customer's entry until an employment outcome was realized, due to the time necessary to address their barriers.

2.32 A subsequent diagrammatic representation of the program logic for LCTW was developed by the department during 2011 as presented in Figure 2.2. This logic was broadly consistent with the program logic developed under the Taskforce although it was less specific about expected social outcomes.

75 The merging of the evaluation of the LCTW trial into the Case Coordination Monitoring and Evaluation Framework was also explicit in the Case Coordination framework documentation.

Figure 2.2: Local Connections to Work program logic



Source: Department of Human Services' documentation.

Value for money

2.33 Cost-effectiveness should be explicitly considered in the design of trials. A key issue in this regard was the scale and duration of trials to achieve an appropriate balance between: establishing an adequate 'sample' of sites and recipients to test key concepts and variables; the cost of adding additional sites weighed against the benefits; sufficient duration of trials to establish potential benefits; and making an adequate investment in measuring the benefits obtained by the trial so as to determine the overall return on financial commitment.

2.34 Cost-benefit can be maximised by developing outcome measures for the trials (discussed in Chapter 3); mechanisms to identify, analyse and transfer learnings on a continuous basis (Chapter 3); a monitoring and evaluation framework to assess outcomes (Chapter 4); and criteria to guide site selection and trial length and scale.

Criteria for site selection

2.35 The Department of Human Services' documentation indicates that clear criteria for site selection were identified for both the Case Coordination and LCTW trials. For the Case Coordination trial these were:

- a sufficient number of locations to support the systematic development of the portfolio's capability to implement a new service delivery framework nationally from 2015–16;
- areas with a demographic profile that enables social inclusion priority groups to be considered as part of the overall testing of the needs-based service delivery model;
- a range of office sizes, locations and customer catchments;
- distribution across urban, regional, rural and remote areas;
- distribution across all Centrelink areas, covering all states and territories; and
- an aim to integrate existing Place Based Services trial sites and complement LCTW sites with a view to developing a comprehensive service delivery model.

2.36 The first nine sites for the LCTW trial were selected based on the following criteria:

- the locations are within the Government's Priority Employment Areas and/or in deeply disadvantaged locations;
- the locations contain relatively high numbers of unemployed people and disadvantaged youth;
- the physical space in Centrelink Service Centre is conducive to readily introducing LCTW; and
- there is likely to be community support for the approach to succeed.

2.37 Subsequently, in 2011, the Taskforce's final report⁷⁶ provided a list of other potential sites for expansion of LCTW using modified criteria :

- the potential customer base should be large enough to sustain efficient operations, with the proxy for this being the Newstart Allowance plus Youth Allowance numbers at a site being greater than or equal to 1000;

76 Taskforce on Strengthening Government Service Delivery for Job Seekers March 2011, *Report to the Secretaries of DEEWR and DHS*, pp. 69, 71

- the area should be deeply disadvantaged, with the proxy being an ABS Socio-Economic Index for Areas (SEIFA) Decile Index of Relative Socio-Economic Disadvantage for the postcode being five or less⁷⁷; and
- the site should be in a Government Priority Employment Area.⁷⁸

2.38 The Department of Human Services advised the ANAO that it continued to use the Taskforce’s criteria when it took over implementation of the LCTW trial from the Taskforce in July 2011.

Scale and length of trials

2.39 Given the entrenched barriers facing some of the potential participants, and the nature of the social and economic outcomes sought from the trials, a lengthy timeframe and larger scale may have been justified. While the department considered a range of options regarding the number of trial sites for Case Coordination—ranging from 29 to 44 sites⁷⁹—no detailed analysis of the costs versus the benefits of the differing options was conducted. The scale of the Case Coordination trial, planned for 44 sites over four years (or 8.4 per cent of the 523 departmental service centers operating at the beginning of 2011–12), was large compared to other place-based trials conducted in the social policy context. For example, the 2008 Place Based Services trial involved seven sites, the LCTW trial involved 24 sites, the Helping Young Parents and Jobless Families initiatives (as part of the BAFWpackage) included ten local government areas and the Place Based Income Management trial included only five sites.⁸⁰ While a decision on the scale of the Case Coordination trial was ultimately one for government, the department’s advice was not detailed in regard to the benefits and costs of various options.

2.40 ANAO analysis, based on departmental costings, indicates that if the Case Coordination trial had been limited to the same size as the LCTW trial

77 Socio-Economic Indexes for Areas (SEIFA) were developed by the ABS to rank areas in Australia from one to ten according to relative socio-economic advantage and disadvantage. The indexes are based on information from the five-yearly Census. Source: ABS website.

78 Under the Priority Employment Area initiative, the former government identified twenty one areas across Australia against a range of indicators of labour market vulnerability.

79 Various options considered by the department included 29, 30, 35, 40, and the 44 sites that were eventually adopted.

80 P Mendes, J Waugh and C Flynn, *The Place-based Income Management Trial in Shepparton: A best practice model for evaluation* [internet], Monash University, Melbourne, July 2013, available from <<http://www.aph.gov.au/DocumentStore.ashx?id=32c2e3b6-72ed-49c5-97c0-27de942b9301&subId=31634> [accessed 21 January 2014].

(24 sites), the actual cost would have been reduced by about \$21 million, saving around 30 per cent of the cost of the trial over the four years (see Appendix 1 for more detail on these cost calculations). The ANAO also calculated that the average cost per Case Coordination trial site per annum was around \$0.5 million. Given the actual costs involved, and the opportunity cost represented by each additional trial site, it would have been prudent to explicitly consider the cost–benefit of each site to the trial as a whole.

Conclusion

2.41 Effective planning of trials is a significant contributor to their successful implementation. At the outset, the department invested in the planning and design of both the Case Coordination trial and the LCTW trial. Governance structures used in the design phase of the trials included representation from relevant government agencies. Officials had sufficient opportunity to consider key aspects of the trials’ design and established linkages with related government policies. Key stakeholders were also consulted, allowing the final trial designs to incorporate external views and experience. A solid evidence base was established drawing on relevant research, evaluations of previous trials and overseas experience. Evaluation strategies and program logic were also developed prior to implementation, consistent with a better practice approach.

2.42 The scope and duration of the trials were considered in the design and planning phase. Determining the number of trial sites required an assessment of the appropriate balance between: the financial commitment; testing key concepts and variables; and measuring the benefits obtained. Given the barriers facing some of the target participants and the nature of the social and economic outcomes sought, large-scale and longer-term trials may have been justified. However, departmental records do not indicate that the department assessed the cost-benefit of different options to inform the Government’s decisions about the scale of the trials. The Case Coordination trial, in particular, was large but not adequately assessed, raising reasonable questions about the value for money of a trial on this scale.

3. Implementation and Continuous Learning

This chapter examines how the Department of Human Services learned from the trials. The identification and monitoring of performance indicators is examined along with the range of mechanisms used by the department to identify, analyse and transfer learnings across trial sites.

Introduction

3.1 The use of trials can be useful when implementing innovative approaches to service delivery. Trials give organisations the opportunity to learn lessons, build an evidence base, identify and reduce risks and demonstrate proof of concept⁸¹ before final decisions are made on the design of programs and the commitment of additional resources. Critical to obtaining value for money from trials, however, is having arrangements in place to learn what is working and what is not as the trials progress; on both a continuous basis (examined in this chapter) and at intervals via formal evaluations (examined in Chapter 4).

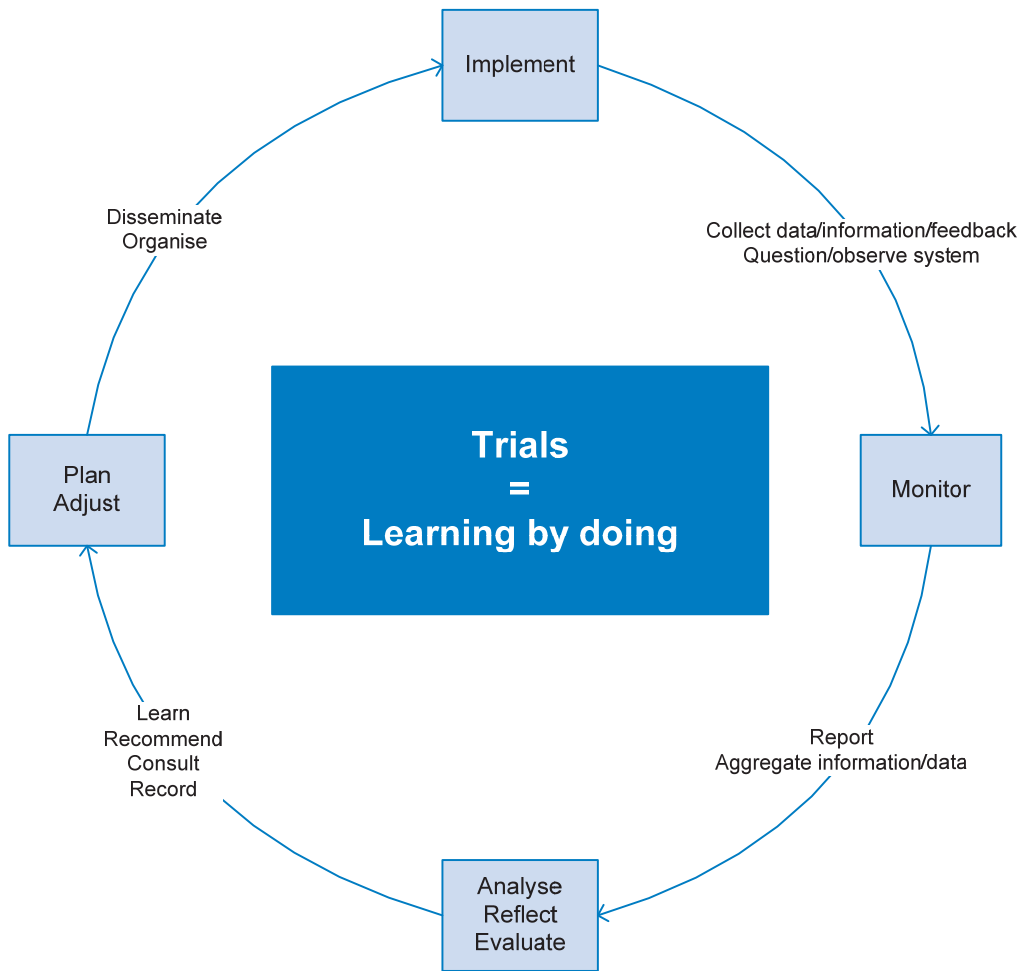
3.2 The UK National Audit Office has found in a recent audit of two programs providing intensive services to disadvantaged families that ‘it is important, when launching innovative programmes against a background of incomplete information, that they are flexible and adaptable and that learning is quickly generated and implemented’.⁸² Learning from trials is an ongoing process, as illustrated in Figure 3.1. Without the necessary mechanisms to adjust the way trials are implemented—informed by monitoring and analysing outputs and outcomes—the opportunities for learning are reduced. The department recognised the benefits of systematic learning in the early implementation phase of the Case Coordination trial, observing that: ‘the trial is an opportunity to ‘learn by doing’ and the implementation process is iterative and focused on continuous improvement’.⁸³

81 ANAO Better Practice Guide—*Innovation in the Public Sector*, December 2009, Canberra, p. 25

82 National Audit Office, *Programmes to help families facing multiple challenges*, House of Commons Paper No 878, Session 2013–14 (2013) p. 8

83 Department of Human Services documentation May 2012.

Figure 3.1: Learning from trials



Source: Adapted from NSW Department of Education, *Action Research*, <<https://www.det.nsw.edu.au/proflearn/images/actreslg.gif>> [accessed 12 December 2013], and ANAO Better Practice Guide, *Innovation in the Public Sector*, December 2009

Performance measurement

3.3 An important prerequisite to systematic learning is identifying performance measures and regularly monitoring achievement against desired outputs and outcomes. A range of performance measures was developed by the department for both trials.

Case Coordination Trial

3.4 The main performance measures and targets for each of the four years for the Case Coordination trial are set out in Table 3.1, including actual results for 2011–12, 2012–13 and 2013–14 (year to date until end February 2014).

Table 3.1: Case Coordination Performance Indicators

Indicator	2011–12		2012–13		2013–14		2014–15
	Target	Actual	Target	Actual	Target	Actual*	Target
Number of sites	19	18	34	32	44	38	44
Number of customers supported by CC	35 066	9 181	113 160	41 993	146 160	91 165	146 160
Percentage of partner organisations who rate referral as appropriate	NA	NA	85%	96%	85%	93%	85%
Percentage of customers who attend referral	NA	NA	80%	82%	80%	95%	80%
Percentage of customers who rate referrals as satisfactory	NA	63%**	85%	69%**	85%	NA	85%
Staff satisfaction with the support provided	66%	68%	67%	75%	68%	NA	68%
Staff satisfaction from CC responsibilities	66%	NA	67%	73%	68%	NA	68%
Percentage of customers exiting CC that have achieved goals	NA	NA	85%	68%**	85%	NA	85%
Increase in service provider satisfaction	NA	NA	7.25 [#]	7.5 [#]	7.62 [#]	NA	8.0 [#]

Source: The Department of Human Services documentation.

Notes:

* Year to date to end of February 2014.

** Case Coordination Customer Feedback Survey June 2013.

result out of nine.

3.5 Most of the performance measures adopted for the trial were effectiveness indicators for output measures (for instance the percentage of partner organisations who rate referrals as appropriate). One outcome measure was adopted (relating to the percentage of customers exiting Case Coordination

that have achieved goals), while one measure was an efficiency indicator (number of customers supported by Case Coordination).

3.6 The suite of performance measures for the Case Coordination trial had a number of positive features. They were linked to the objectives of the trial⁸⁴ and were therefore relevant. They were also specific and expressed in clear and concise terms. Targets were identified (particularly since 2012–13) and were measurable within a particular timeframe. The omission of targets in 2011–12 for five out of the nine main performance measures was intentional, with the department observing that: ‘Case Coordination has not set targets or operational benchmarks for 2011–12. This was a deliberate decision consistent with the view that we would learn as we go and set performance standards for 2012–13’.⁸⁵

3.7 For the majority of the performance measures in Table 3.1, the results achieved were close to or exceeded the target levels. The main exceptions were the ‘number of customers who have received support through Case Coordination’, the ‘percentage of customers who rate referrals as satisfactory’ and ‘the percentage of customers exiting Case Coordination that have achieved goals’.⁸⁶ Performance against these measures was significantly under target levels, with the number of customers supported, in particular, showing significant shortfalls in the first two years of the trial—74 per cent under target in 2011–12 and 63 per cent in 2012–13. However, the number of customers supported by Case Coordination increased significantly in 2013–14. The reasons underlying the shortfalls in relation to the number of customers supported, and the significant increase in numbers in 2013–14, are examined in the following section.

84 The objectives of the Case Coordination trial were that: people with additional needs receive enhanced assistance from the Department of Human Services including appropriate referrals and follow up; people, processes and systems were in place to enable the department to consistently identify customers with complex needs who would benefit from more targeted or specialised services; and services were coordinated to increase ease of access and reduce duplication.

85 Case Coordination Implementation Guide 2012–13, Attachment 3.

86 The data on the ‘percentage of customers who rate referrals as satisfactory’ and ‘the percentage of customers exiting Case Coordination that have achieved goals’ was based on a customer survey undertaken in June 2013. It is less positive than the feedback collected from customers at the time of engagement with the Case Coordination trial. The department advised that the average result for this customer feedback in 2012–13 for the percentage of customers who rate the referral as satisfactory was 85 per cent and the percentage of customers reporting that they had achieved their goal was 86 per cent. This feedback data is reported in the monthly SDR Status Reports.

Revising performance measures

3.8 As indicated in paragraph 3.6, the performance measures and targets for Case Coordination were not finalised until 2012–13 as the department wanted experience with the trial to inform its decisions on the most relevant performance measures, and to test some of the assumptions underlying proposed targets for these measures. An analysis of the department's documentation indicates that the initially proposed suite of performance measures was modified in a number of ways to reflect the first year's experience with the trial.

3.9 However, the annual targets for the performance measure 'number of customers who received support through case coordination' were maintained at initial levels. The initial targets were based on a number of assumptions made by the department in the design phase of the trial. A key assumption was that 15 per cent of the customer base overall, and in any individual trial site, would benefit from assistance from Case Coordination. The 15 per cent assumption was based on:

- an estimate in 2009 that approximately 5 per cent of the Australian population had three or more disadvantage factors⁸⁷ and that this sub-population would form the customer base for intensive support;
- an estimate that 'an additional 10 per cent would require assistance to navigate through services' and would therefore benefit from case coordination, which the department advised was based on Australian Bureau of Statistics information, geospatial data analysis, advice from Centrelink and feedback from policy departments.

3.10 The department's documentation indicates that the trial was designed to test these assumptions. However, the significant shortfall in customers actually participating in Case Coordination in both 2011–12 and 2012–13 (see Table 3.1) did not lead to a reduction in the target level.

3.11 Analysis undertaken by the department in early 2013 suggested that the significant shortfall in customer numbers participating in Case Coordination was due to (in order of estimated impact):

87 The estimate was made by the Boston Consulting Group based on an analysis of the 2006 ABS General Social Survey by PM&C's Social Inclusion Unit.

- the staggered implementation of sites (the annual targets had been set assuming that all sites would operate from the beginning of the financial year);
- no initial period for low site proficiency factored into the target levels, as staff learned and practiced the necessary skills for Case Coordination;
- about 20 per cent of customers declined the invitation to participate in Case Coordination (no allowance for this was made in the original assumptions about customer demand);
- the average time spent with customers exceeded the original estimates (the original estimate was 60 minutes, but was actually an average of 68 minutes in 2011–12 increasing to 74 minutes in 2012–13); and
- a range of operational issues (whose impact was difficult to quantify) including difficulties identifying customers, difficulties replacing Case Coordination staff during periods of unexpected leave, staff trained proving unsuitable for the role, and a number of sites diverting staff from Case Coordination activities to cope with high (non-Case Coordination) customer traffic.

3.12 Some of these factors—including the phased implementation of sites⁸⁸, the number of customers declining to participate and low initial site proficiency—suggest that the initial assumptions around targets for customers assisted by Case Coordination needed to be reassessed and some adjustment made. In early 2013 a change request was made to the SDR Steering Committee via the SDR Change Control Board⁸⁹ to revise the target for customer numbers. However, in March 2013 a decision was made to withdraw the request and wait until the results of the interim evaluation of Case Coordination before further consideration of the targets was undertaken. In the meantime the department implemented a number of measures aimed at increasing the numbers of customers assisted by Case Coordination, including a stronger focus on the original assumptions of the level of assistance customers may

88 This factor would continue to impact on customer numbers as the ongoing implementation of new sites continued to be staggered in the later years of the trial.

89 Requests for changes to SDR projects were submitted to the Change Control Board whose endorsements had to be ratified by the SDR Steering Committee. It is comprised of relevant SES officers.

require.⁹⁰ These original assumptions, made in the design phase of the trial, were that a sizeable majority of customers participating in Case Coordination (85 per cent) would only require 'light touch' or an 'assisted' level of service where issues would normally be addressed in a single interaction.⁹¹

3.13 The June 2013 interim evaluation of the Case Coordination trial concluded that 'the program has not met the originally envisaged caseload, but the intensity of the workload has been heavier than was previewed. There is little to suggest that this is a problem of implementation; rather it is likely that the original estimates had to be made in the absence of any substantive data on the actual level of need for these services'.⁹² The department's records indicate that after the interim evaluation, further analysis around the number of customers assisted by Case Coordination was conducted, but no further approach was made to the SDR Steering Committee about the issue. The department considered that with the enhanced focus on increasing the number of customers and a stronger focus on the original assumptions relating to the level of assistance customers may require, the original targets would be achievable .

3.14 At each of the trial sites visited by the ANAO during the audit fieldwork, considerable staff and management effort was being expended on new ways to identify customers for Case Coordination. Much of this effort was focused on meeting the performance targets for new customers. A common concern expressed by Case Coordination staff and some Social Workers was that the focus on increasing customer numbers ran the risk of compromising the quality of the interactions with customers and undermining the intent of the trial. This risk was recognised in the 2012–13 Case Coordination Implementation Guide: 'there are some potential risks associated with performance standards—including generating unintended consequences—primary amongst these is achieving throughput at the expense of quality, resulting in work practices and processes that may skew support to the least

90 Measures to increase the number of customers referred to Case Coordination included the introduction of new site-level performance standards and processes to increase Service Zone accountability for meeting targets.

91 The remaining 15 per cent of customers participating in Case Coordination were assumed to require more assistance. Ten per cent would require a 'managed' level of service which would usually involve more than one interaction. Five per cent would be assessed as requiring 'intensive' or 'highly intensive' assistance. At the extreme of this spectrum a customer would often require social work intervention.

92 Australian Institute of Family Studies and the Australian National University, *Evaluation of the Case Coordination Trial – Interim Report*, Canberra, 2013, p.157.

disadvantaged end of the spectrum'.⁹³ Managers at some sites also commented on the difficulties with meeting customer number targets, particularly at sites with stable or declining customer populations. For instance, two managers interviewed by the ANAO at different sites observed that the required number of new customers to meet the Case Coordination targets simply did not exist in their catchment area.

3.15 However, a majority of managers at trial sites and some social workers, were supportive of the focus on increasing customer numbers for Case Coordination (not necessarily to the target levels but above initial levels) because they thought that some staff delivering Case Coordination were 'digging too deep' in their conversations with customers and therefore taking too long instead of targeting the customer's most pressing need and making a referral to assist with that need. Some Social Workers were also concerned that Case Coordination staff did not have the skills to 'dig deep' and that 'lighter touch' conversations were more appropriate. This was linked to a concern that Case Coordination staff were at risk of 'burn-out' and stress due to working with the traumatic circumstances of some customers. The customers that required more time and more in depth conversations would more appropriately be seen by Social Workers.

3.16 The department's response to the significant shortfall between actual customer numbers and the target in the first and second years of the trial⁹⁴—focusing on increasing customer referrals and increasing the proportion of 'light touch' interactions—was a reasonable interim response given that one of the trial objectives was to accurately identify customers who could benefit from Case Coordination. It was also consistent with the concern that some Case Coordination staff were at risk of 'burn out' and stress from delving too deeply into the complex circumstances of very disadvantaged customers. However, in parallel, the department could also have usefully reviewed the

93 The department introduced a 'Quality Assurance Framework' following the introduction of site level performance standards in relation to new customers referred to Case Coordination, to assist in addressing this risk. The framework included information on minimum standards for processes relating to interactions with customers, a checklist for strength-based interviewing and role statements and training requirements for staff.

94 The shortfall between the target for the number of customers assisted by Case Coordination and the actual numbers assisted was significant in the first two years of the trial: the 2011–12 target was 35,066 while the result was 9,181 customers assisted; and the 2012–13 target was 113,160 whereas the result was 41,993 customers assisted.

original assumptions of customer demand on which the target was based, as experience from the trial indicated that a review was warranted. For instance, around 20 per cent of customers declined to participate in Case Coordination, but no allowance had been made for this in the original assumptions of customer demand which underpinned the target. In addition, initial customer demand estimates had assumed that all sites would be operational from the beginning of each financial year, but the implementation of new sites was in fact staggered over the term of the trial; further contributing to lower customer numbers than originally estimated.

3.17 The department's decision not to reconsider the target had potential implications for the cost-effectiveness and direction of the trial, as it risked servicing a wider group of clients than originally intended. Concerns have been expressed over the effect on quality of customer interactions of efforts to meet the target, and much of the learning over the life of the trial has tended to focus on how to increase customer numbers.

Local Connections to Work Trial

3.18 The main performance measures and targets for each of the four years of the LCTW trial are set out in Table 3.2, including the actual results for 2011–12, 2012–13 and 2013–14 (year to date until end February 2014).

3.19 Most of the performance measures were effectiveness indicators for output measures (for instance the percentage of service providers who rate quality of referrals as satisfactory or above). However, there were two measures of outcomes (number of LCTW customers who find a job or training placement, and the number of LCTW customers who are still in jobs after 13 weeks). One measure was an efficiency indicator (number of customers supported by LCTW).

Table 3.2: Local Connections to Work Performance Indicators

Indicator	2011–12		2012–13		2013–14		2014–15
	Target	Actual	Target	Actual	Target	Actual*	Target
Number of new LCTW sites	14 [#]	14	17	17	19	17	24
Average number of service providers in each LCTW site	15	22	15	19	15	NA	15
Percentage of 'do not attend' interview appointments	38	34	35	33	35	25	35
Number of 'joint interviews' conducted	12 960	9 956	20 160	19 847	24 480	17 630	27 360
Number of referrals to service providers	4 500	4 885	7 700	7 418	9 350	6 476	10 450
Percentage of service providers who rate quality of referrals as satisfactory or above	80	NA	70	68	70	NA	70
Number of customers supported by LCTW	4 500	3 416	5 500	4 851	6 500	4 931	7 500
Number of LCTW customers who find a job or training placement	1 600	2 436	2 500	3 766	3 000	4 791	3 300
Number of LCTW customers who are still in jobs after 13 weeks	420	802	528	1 248	600	608	670
Percentage of LCTW customers rating quality of service as satisfactory or above	70	64 ^{**}	70	58 ^{**}	70	NA	70

Source: Department of Human Services documentation.

Notes:

* Year to date to end of February 2014.

** LCTW Customer Feedback Survey June 2013.

nine of the 14 sites had been established prior to 2011–12.

3.20 The main performance measures for the LCTW trial, like those of the Case Coordination trial, had a number of positive features. They were clearly linked to the objective of the trial⁹⁵ and were therefore relevant. They were specific and expressed in clear and concise terms. Targets were identified and were measurable within a particular timeframe. There was no documentation, however, indicating that the performance measures or targets for LCTW were revised to reflect experience with the trial.

For the majority of the performance measures in Table 3.2 the results achieved were close to or exceeded the target levels. The main exceptions were the ‘number of customers supported by LCTW’ (24 per cent under target in the first year, falling to 12 per cent under target in the second year) and the ‘percentage of customers rating quality of service as satisfactory or above’ (nine per cent under target in the first year, increasing to 17 per cent under target in the second year).

Mechanisms for identifying, analysing and transferring learnings

3.21 The benefits of a trial are fully realised by establishing mechanisms to capture learnings. A range of mechanisms for identifying, analysing and transferring learnings was established for both the Case Coordination and LCTW trials. The department’s Intensive Services Branch established the following mechanisms⁹⁶:

- implementation guidance;
- training;
- Social Workers;
- stakeholder feedback;

95 The objective of the LCTW trial was to help disadvantaged job seekers overcome barriers to social inclusion and economic participation so they could move into employment or training over time.

96 The Intensive Services Branch, previously known as the Place-based Branch, was responsible for developing implementation documentation for sites for the Case Coordination and LCTW trials, selecting trial sites, managing trial evaluations and the future intensive services strategy, project governance, collecting and reporting performance information and engaging with other portfolios. Prior to April 2013, a separate team supported each trial. In April 2013 the two teams were merged. The department advised that the merging of the teams was in part a response to resource pressures but that it was also intended to encourage stronger links between the two trials including identifying cross-trial learnings. The branch was renamed the Multicultural and Rural Programme Branch in early 2014 but is referred to by its previous name in this audit report.

- on-the-ground support and helpdesk;
- workshops, working groups and phone hook-ups;
- periodic stocktakes and monthly reports;
- wiki pages; and
- mini-trials.

Implementation guidance

3.22 The department developed a series of implementation guides to assist the trial sites establish and implement Case Coordination and LCTW. Such implementation guidance was a key mechanism for communicating the trial objectives, design elements and operational procedures, as well as transferring lessons learnt across the trial sites.

Case Coordination

3.23 Six implementation guidance documents were developed for the Case Coordination trial, incorporating lessons learned as the trial matured.⁹⁷ As discussed, the most important driver of learnings was the focus on increasing the number of customers participating in Case Coordination. Successive changes to the implementation guidance became more detailed about the number of new Case Coordination cases to be seen by each full-time equivalent Case Coordination staff member, the amount of time to be allocated to each customer and how to identify potential customers. The 2011 Implementation Guide stated that ‘support may be only 30 minutes of early intervention assistance or, up to many hours of support delivered over an extended period of time’ and ‘the bulk of interventions are relatively short (i.e. up to one hour in duration)...’. In the May 2013 Operating Model the guidance was more specific and allowed for less time per customer: ‘the Case Coordination interview undertaken by CSAs should not exceed 1 hour, with at least 80 per cent completed within 30–45 minutes’. The September 2013 Streamlined Case Coordination Operating Model, in line with initial assumptions about the level of assistance customers may require, indicated that interactions with 85 per cent of customers should be completed within 35

97 The department advised that each implementation document was intended to supersede the previous one except for the most recent document which was intended to guide the implementation of a new variant of Case Coordination for the three most recently implemented sites.

minutes, 10 per cent within 60 minutes, and the remaining five per cent of customers within 240 to 1200 minutes including preparation, assessment, referral, recording, follow-up and review if required.

3.24 The 2011 Implementation Guide provided for a single generic criterion in the identification of Case Coordination customers: that an officer ‘observing from the customer’s presentation (emotional state, physical presentation)’ there may be ‘additional needs’ that warrant a referral to Case Coordination.⁹⁸ By September 2013 the guidance had become more specific and included 45 triggers, which included, among other things: customers advising their recent redundancy; customers requesting any advance payment; parenting payment customers; customers with ten or more urgent payments and advance payments granted or declined. These additional triggers were examples of where a customer may benefit from intervention, in addition to where a customer’s emotional or physical state might warrant a referral to Case Coordination.

Local Connections to Work

3.25 The Department of Human Services indicated that much of the testing and refining of the LCTW model had been done in the LCTW sites established under the Taskforce and that LCTW was viewed more as a program rather than a trial . This was reinforced by the funding arrangements for the trial—LCTW continued to be funded in the forward estimates as if it were an ongoing program. However, the Taskforce’s view was that the ongoing implementation of LCTW under the Department of Human Services should continue to encourage innovation to suit local needs and conditions .

3.26 Three iterations of the LCTW implementation documentation were developed.⁹⁹ The guidance material for LCTW did evolve somewhat to reflect lessons learned as the trial progressed, with more significant changes made between April 2013 and August 2013 reflecting recommendations made in a formal evaluation of LCTW .

98 The implementation document also provided that a third party such as another government or non-government or portfolio agency may request a customer to be referred into Case Coordination. This particular guidance did not appear in subsequent implementation documents.

99 Guide to Setting Up LCTW in Your Site (2011); LCTW Operational Guide April 2013; and Draft LCTW Operating Model August 2013.

3.27 An example of changes reflecting lessons learned was additional guidance in the April 2013 documents on the issue of supporting adequate referrals to on-site service providers. The need for this guidance was consistent with the ANAO's fieldwork evidence that at some LCTW trial sites there was sometimes difficulty keeping service providers on-site because the demand from customers for their services did not keep them busy enough. Another example of lessons learned in later implementation guidance included prescriptive guidelines on managing non-attendance at booked joint interviews.

Training

3.28 Training of staff, particularly those staff engaged in the trials after the commencement of an initiative, is a way of sharing learnings. The full benefit are only realised if training materials are periodically updated to reflect lessons learned.

Case Coordination

3.29 A three day training package introducing Case Coordination was delivered to relevant staff at each site prior to its opening and was followed by a 'recall day' four to six months later. The original three day training package was developed in mid 2011 and was updated regularly based on staff feedback, quality checks and trial learnings.

3.30 Separate training was formulated for 'front of house' staff to support their understanding of Case Coordination and how to identify customers that might benefit from such assistance. It was amended in late 2012 to 'reinforce key messaging'. However, the ANAO's inquiries indicated that not all front of house staff received this training.

Local Connections to Work

3.31 Staff interviewed during fieldwork indicated that the two days of training for LCTW trial had been useful, but that learning on the job and the support of experienced colleagues and the social worker was essential. There was no indication of significant modifications to LCTW training over the life of the trial as a result of lessons learned.

Social Workers

3.32 One of the ways that the Case Coordination trial identified and disseminated learnings was through the department's network of Social

Workers and the Social Work Services Branch. Most Case Coordination trial sites had at least one on-site Social Worker although some smaller sites accessed Social Worker services on a part-time basis or by telephone. Social Workers were closely involved in the implementation of the trial. A feature of the Case Coordination Operating Model was to locate the Social Worker in close proximity to the Case Coordination staff within the office environment to actively assist staff and observe the trial's operation.

3.33 Social Workers also conducted regular 'reflective practice' sessions with the Case Coordination staff. A key focus of these hourly sessions was on-the-job training for staff in strengths-based interviewing techniques. The Reflective Practice sessions also assisted the Social Workers in gaining a detailed understanding of how the trial was operating in practice. The Social Workers' knowledge contributed to a number of lessons learned particularly around the appropriate division of work between Case Coordination staff and Social Workers and strength-based approaches. Social Workers, being on-site in the majority of trial sites, were also in a key position to disseminate these learnings among Case Coordination staff.

3.34 Social Workers had no special role with the LCTW trial.

Stakeholder feedback

3.35 Obtaining stakeholder feedback can provide valuable information and insights on the uptake and impact of initiatives and can contribute to the identification of learnings from initiatives.

3.36 The Community Service Officer in each Case Coordination trial site liaised with local service providers and provided a channel for two-way feedback between them and the department.¹⁰⁰ In addition, service providers were contacted to provide feedback on the appropriateness of particular customer referrals. Formal meetings were not periodically conducted to solicit feedback on the general operation of the trial, however, service providers involved in Case Coordination generally felt that although such feedback had not formally been sought, they could provide feedback through other methods if necessary.

¹⁰⁰ The Community Service Officer (CSO) was responsible for developing and consolidating relationships with community services providers, maintaining a community services database and providing support and information to staff.

3.37 For LCTW at the local site level, Community Partnership Groups (CPGs) were established to provide local governance and an ongoing mechanism to engage and consult with stakeholders. The membership of these groups included co-located employment service providers, community service providers (both co-located and non co-located), state government agencies, local councils and State Offices of the Department of Employment and the then Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). Service providers interviewed generally felt that they could provide feedback on LCTW through these local governance arrangements and also through more informal channels.

3.38 At the national level, engagement with non-government stakeholders was limited during the implementation phase of the trials, with the main engagement being with the Social Inclusion Board¹⁰¹, which received periodic updates on the trials and also visited two sites. Engagement with Australian Government agencies, other than with the Department of Employment, was generally limited to providing factual information on the background and intent of the trials, including performance statistics such as the numbers of customers seen and the number of sites in operation.¹⁰²

Department of Employment

3.39 The Department of Employment had an ongoing role in both of the trials and was therefore a key stakeholder. Its involvement with the Case Coordination trial was not extensive although it received \$1.6 million over four years in the 2011–12 Budget to work closely with the Department of Human Services during the implementation and evaluation of the trial.¹⁰³ There were

101 The Australian Social Inclusion Board was established in May 2008 as the main advisory body to Government on ways to achieve better outcomes for the most disadvantaged in the community. The Board consisted of representatives from private, public and not-for-profit sectors and engaged with these sectors and the community, academics, advisory groups and all levels of government to connect policy with the knowledge and experience of these range of stakeholders. The Board was disbanded in late 2013.

102 For example, the Strategic Partnerships Interdepartmental Committee (comprised of the Secretaries of the Department of Employment, the Department of Human Services and the then FaHCSIA) and the BAFW Steering Committee received periodic updates on the Case Coordination trial and the LCTW trial respectively.

103 Australian Government, *Budget Measures: Budget Paper No. 2: Part 2 Expense Measures Human Services: 2011-12*, Commonwealth of Australia, Canberra, 2011. The Department of Employment advised that the funding was directed to engaging an employee to work with the Department of Human Services on data matching of Case Coordination participants and two full time equivalent positions located across its state-based network to liaise with Department of Human Services staff, other Department of Employment staff and employment service providers about the trial.

no regular operational meetings in place between the two departments in relation to the Case Coordination trial. The Department of Employment staff indicated that they were satisfied with the level of contact with the Department of Human Services and with the direction of the trial.

3.40 The Department of Employment's involvement was more extensive with the LCTW trial. Monthly 'Connect Meetings' chaired by the Department of Employment were held which focused on issues of employment service provider policy and 'program matters of mutual interest'. These meetings included Human Services LCTW staff along with staff from other areas of the department with an interest in employment services provider policy¹⁰⁴. The LCTW trial was a standing agenda item and was generally discussed at an operational level, for instance, reports of new sites opening, presentation of the latest data on performance indicators or issues associated with data sharing on employment and training outcomes for LCTW customers. The Department of Employment indicated that it would have appreciated more opportunity for discussions on the strategic direction for the LCTW trial including a stronger emphasis on employment outcomes.

On-the-ground support and helpdesk

3.41 Staff from the Intensive Services Branch provided 'on-the-ground' support and advice to sites in both trials.

Case Coordination Operations Managers

3.42 In the Case Coordination trial, funding was provided for four Operations Managers who were part of the Intensive Services Branch in Canberra but were physically located in the service network (in Melbourne, Sydney, Adelaide and Brisbane). Their role was to:

- assist sites with reporting, professional support and training (all Operations Managers had social work qualifications);
- drive consistency and monitor productivity;

104 Several areas of the Department of Human Services, in addition to the LCTW trial, had an interest in employment services provider policy, for instance the Job Seeker Compliance Framework, Participation and Education Programs Branch.

- provide two way communications between the Service Zones¹⁰⁵ and the Intensive Services Branch; and
- share best practice and suggest improvements between trial sites across Service Zones.

3.43 At the beginning of the trial, Operations Managers were considered to be an important mechanism to identify, analyse and transfer learnings in trial sites. At eight months into the trials, the department assessed them as ‘providing excellent support for the project in the network’¹⁰⁶. The department was funded for the four positions for the four year period of the trial, but their role evolved as the trial matured and more responsibility for trial outcomes was transferred to the Service Zones. Three of the four positions were abolished in April 2013.

3.44 Managers’ views in the Service Zones on the effectiveness of the Operations Managers were generally positive with most managers, particularly at the operational level, finding their assistance and advice useful especially in the set-up phase. However a few senior managers commented that their role, in some respects, disempowered local managers from taking ownership of the trial and tailoring it to their own circumstances.

Local Connections to Work

3.45 At the commencement of the department’s management of the LCTW, a separate team in the Intensive Services Branch supported the trial. Given the relatively smaller number of sites to be implemented in the LCTW trial compared to the Case Coordination trial, the staff in the team provided on-the-ground support directly for sites in the start-up phase and also paid periodic visits to more established sites to check on implementation, and share learnings across sites. Staff in the LCTW trial sites were generally positive about the value of the on-the-ground support provided including in transferring learnings and good practice.

Helpdesk

3.46 In April 2013, the LCTW team was merged with the Case Coordination team within the Intensive Services Branch. The on-the-ground support to trial sites in the new team was subsequently limited for both Case Coordination

105 Service Zones refer to the 15 geographical areas that the Department of Human Services has divided its service network into for management purposes.

106 Department of Human Services’ documentation.

and LCTW sites. To compensate for the reduction of on-the-ground support, the Intensive Services Branch instituted a helpdesk service accessible by email or phone to provide advice and assistance to the sites of both trials. There was a general view among staff in the Service Zones that the helpdesk service was responsive and helpful in providing advice and disseminating learnings from experience with earlier sites. This view was also expressed by staff in sites that had more recently gone through the set-up phase. In addition to the helpdesk, these recently-implemented sites were also able to draw on the experience of on-site staff with personal experience acquired at earlier trial sites to supplement the practical helpdesk guidance from the Intensive Services Branch.¹⁰⁷ These experienced on-site staff helped to offset the effect of the removal of the 'on-the-ground' support previously offered.

Working groups, Workshops and Phone hook-ups

3.47 For the Case Coordination trial, ad hoc working groups of departmental staff were established at various times to analyse significant issues. For instance in September 2011 an 'Information Management and Evaluation Working Group' was established for several months to support the development of the baseline data set and performance measures. Such working groups were a useful mechanism for analysing issues and sharing learnings across sites.¹⁰⁸

3.48 Both trials ran a number of internal workshops where various staff came together to discuss the progress of the trial and share learnings.¹⁰⁹ No workshops were conducted after 2012. Staff views of the effectiveness of the workshops for networking, identifying, analysing and transferring learnings were generally very positive.

107 The availability of staff with experience with the Case Coordination trial reflected the large number of sites already established and the mobility of staff between service centres rather than a planned placement of staff.

108 For instance, the Information Management and Evaluation Working Group developed the monthly report template and the Customer Identification Working Group produced documentation on customer identification strategies based on feedback received from nine of the 19 sites.

109 Departmental documentation indicates that the following workshops were run: three workshops brought the Case Coordination Operations Managers and the Intensive Services Branch staff together between August 2011 and November 2012; three workshops of two days each brought Regional Managers together in 2012 to discuss the Case Coordination trial; two workshops were held for site level managers involved in Case Coordination in 2012; and four workshops were held over 2011 and 2012 between LCTW site staff and the Intensive Services Branch staff.

3.49 Periodic phone hook-ups between the Intensive Services Branch and various staff were held for both trials including Regional Managers, team leaders and staff, and Social Workers.¹¹⁰ Staff views on the effectiveness of the phone hook-ups for discussing learnings were mixed. Most felt that they were useful, particularly at the Regional Manager level and for discussing more technical or specific issues. The Regional Manager hook-ups, for instance, were instrumental in setting up working groups, organising workshops and initiating a 'practice and procedures guide'. There was general agreement, however, that the workshops were more effective for networking, identifying, analysing and transferring learnings compared to phone hook-ups.

Periodic stock-takes of lessons learned to date and monthly reports

3.50 The Intensive Services Branch conducted periodic stock-takes of the learnings to date for the Case Coordination trial. Some of these were in response to requests while others were internally generated. Three such stock-takes were undertaken in 2012 and another three in 2013. Three of the six documents analysed lessons learned to date with a view to the implications for a future intensive service delivery strategy. A number of the lessons identified in these stock-takes were reflected in the evolving implementation guidance for Case Coordination issued by the Intensive Services Branch (as outlined in paragraphs 3.22 to 3.24).

3.51 Stock-takes were not prepared for the LCTW trial.

3.52 Sites in both trials provided regular reports to the Intensive Services Branch over the life of the trials with the frequency declining in 2013, from monthly to quarterly for Case Coordination and from fortnightly to monthly and then quarterly for LCTW. Sites used standardised reporting templates requiring broadly similar qualitative information for each trial around the topics of: issues, community engagement and staffing. Managers and Team Leaders interviewed during fieldwork indicated that each site's monthly

¹¹⁰ Up until May 2013, the Regional Managers' hook-ups were limited to separate discussions of each trial but after May 2013, reflecting the combining of the Case Coordination and LCTW teams within the Branch, the Regional Managers phone hook-ups discussed both trials. The department also advised that the Regional Managers phone hook-ups were subsequently reinvigorated with the aim of increasing the accountability of trial sites for achieving the targets for performance indicators for both trials, in particular, to increase the number of customers receiving support from Case Coordination.

reports and results against performance indicators were able to be viewed by other sites and that, at times, this provided useful information.

3.53 The monthly report templates for both trials required the reporting of ‘case studies’. The purpose of the case studies was to ‘provide qualitative data and examples of how [the trials] are working in each location’.¹¹¹ A selection of case studies was regularly used in SDR monthly Program reporting. Identifying and documenting case studies on such a regular basis required considerable resources and several Case Coordination staff commented on the time involved. As a mechanism for conveying the purpose of the trials and for bringing ‘to life’ the impacts of the trials, such case studies were useful; however, it could be argued that achieving this purpose did not require the many dozens of case studies collated. Over time, changes were made to streamline reporting requirements, including a reduction in case studies to two per quarter in recognition of staff/site feedback. The following are examples of case studies used in reporting to the SDR Steering Committee .

Example of DHS Case Study Case Coordination – Lilly

Lilly is blind and recently sustained a serious injury during a home invasion that left her traumatised and unable to return home. Lilly, who receives a Disability Support Pension, had limited family support and due to her trauma had been living in a tent since the incident, as her lease did not end for another two months and she was obliged to pay rent in addition to finding alternative accommodation.

Case Coordination staff investigated what assistance was available to Lilly as she could not afford rent for two homes. Lilly’s landlord was contacted and, after initially refusing to terminate her rental contract, agreed to take the outstanding rent from her bond and release her from her contract. Lilly was then connected with the Department of Housing, which was able to offer her secure accommodation. She was referred to the Blind Society which assisted her with packing her belongings and helped with moving costs. Through Case Coordination Lilly was also connected with St Vincent de Paul which provided assistance with furniture.

In addition, the Guide Dog Association was contacted and Lilly has an appointment to discuss what assistance is available, how it can be tailored to her particular needs and develop a plan for ongoing support.

111 Department of Human Services documentation December 2011.

Example of DHS Case Study

LCTW – Brian

Brian, a disadvantaged youth, with significant mental health issues and a criminal history, has secured full-time employment. Brian had significant mental health issues and a violent criminal history, including incarceration, before he began receiving support through Local Connections to Work. In addition, Brian had accommodation and financial stresses. LCTW assisted him with investigating stable accommodation options and a referral for financial counselling for budgeting and advocacy with debt. In addition, he was assisted with updating his resume by helping him obtain education certificates he'd completed while in prison. The customer appeared to be feeling confident and eager to undertake a job search. Within a very short period Brian advised that he had secured full-time employment in the building sector commencing immediately.

Wiki pages

3.54 The use of intranet web pages is recognised as having the potential to be a 'powerful means of generating and spreading knowledge.'¹¹² To readily disseminate learnings through intranet web pages, it is important to ensure that the content is relevant, easily accessible and conducive to the sharing of learnings. The Department of Human Services commenced using online intranet pages (termed 'Wiki' pages) for Case Coordination and LCTW from early 2013. Those Wiki pages were intended to facilitate the dissemination of learnings between staff, including the sharing of trial sites' experiences or for publication of other material, for instance, implementation guidance. A broad range of information was available on both Wiki pages when reviewed in November 2013. Content ranged from trial sites' latest monthly reporting on performance, statistics on national performance, access to the latest version of the implementation guidance, training resources, and guidance on best practice and case studies.

Mini-trials

3.55 At the beginning of 2013, two mini-trials were implemented to explore how telephone services could be used to improve the reach of Case Coordination and thereby increase customer numbers. The first trial looked at the feasibility of Social Workers who work over the telephone¹¹³, referring

112 ANAO Better Practice Guide—*Innovation in the Public Sector*, p. 11.

113 Social Workers work by telephone in the department's Smart Centres in the Social Work Queue Team and the Participation Solutions Social Work team.

customers with additional needs to a local Case Coordination site. The second trial was undertaken in Victoria West Service Zone. It involved an approach where Case Coordination staff rang customers who were likely to have a level of vulnerability (based on a range of customer indicators) but who were not necessarily accessing the department's services. Departmental documentation indicates that both of these mini-trials went through design and planning processes and had been evaluated for their effectiveness by mid 2013.

3.56 Another Case Coordination mini-trial was conducted later in 2013 to test the operation of a new, more streamlined, service delivery model that aimed to reduce the time taken with each customer. The model used a simplified assessment and referral process for customers who required only a one-off referral and had no requirement for Case Coordination staff to follow-up with service providers or the customers on the usefulness of the referral. The effectiveness of this mini-trial has not been evaluated to date but along with the other mini-trials it reflected the concerns within the trial over customer numbers.

Learnings across trials

3.57 Departmental records indicate that, during the design and implementation of the trials, the department was conscious of the linkages and commonalities between the two trials. It was planned that the learnings and evaluations of both trials would contribute to the development of policy advice to government in 2014–15 on a future intensive service delivery model. As indicated in Chapter 2, at the time the trials were being designed, the two trials were initially planned to be evaluated together and at that time it was anticipated that after the joint interim evaluation of the two trials, consideration would be given to trialling a consolidated intensive service model derived from the learnings from both trials.

3.58 The implementation of the two trials was, however, initially the responsibility of two separate teams. The use of separate teams, in combination with a decision in 2012 to conduct the evaluations of the two trials separately¹¹⁴, meant that the potential for cross-trial learnings was reduced.

114 KPMG conducted a Quality Assurance review and recommended that the two trials be evaluated separately as the trials were managed separately with different objectives, data sets and customers. The SDR Steering Committee agreed with this recommendation and hence the evaluation of the trials was conducted separately from 2012.

This is reflected in the mechanisms for identifying, analysing and disseminating learnings, which were generally trial specific. The department advised that increasing the potential for cross-trial learnings was one of the reasons that, after April 2013, the Case Coordination and LCTW teams were combined into one team and since this time, for instance, cross-trial Region Manager phone-hook-ups were implemented to facilitate the sharing of information. However, departmental stock-take documents for the trials drafted after April 2013 did not draw out any cross-trial learnings.

3.59 At the Service Zone level there were indications that one of the more common lessons learned was of a cross-trial nature: that co-location of service providers benefited service delivery by facilitating stronger personal relationships between local providers and departmental staff and among the service providers themselves; by increasing the mutual understanding of the services provided by the service providers and by the department; and because customers were more likely to take-up a referral to a service provider if the providers were on site. At three of the sites visited by the ANAO, Service Zone managers had already organised, or were in the process of organising, on-site access for community service providers, based on their experience in LCTW trial sites. They were implementing co-location arrangements either at Case Coordination-only trial sites or in customer service centres where the trials were not in place. These co-location arrangements were leveraging off existing relationships with local service providers without any additional funding. In another example of cross-trial learnings, some Case Coordination staff were conducting three-way interviews with their customers, that is, involving the departmental staff member, a customer and a service provider so that the customer only had to tell their story once. This was a direct learning from the joint interviews conducted as part of the LCTW trial.

Conclusion

3.60 Establishing arrangements for continuous learning is critical to maximising the benefits of trials, building an evidence base and reducing risks. An important prerequisite to systematic learning is identifying performance measures for the desired outputs and outcomes of trials. The performance measures adopted for the trials had a number of positive features—being relevant, specific and measureable within particular timeframes. Both output and outcomes indicators were defined, and targets were set for each performance measure. For the Case Coordination trial, some targets were revised in light of experience gained as the trial progressed.

3.61 However, the target for one key performance measure—the number of customers assisted through the Case Coordination trial—was not revised, notwithstanding departmental analysis and the findings of an interim evaluation which suggested that the target warranted review. For instance, experience from the trial indicated that around 20 per cent of customers declined to participate in Case Coordination, but no allowance had been made for this in the original assumptions of customer demand which underpinned the target. In addition, initial customer demand estimates had assumed that all sites would be operational from the beginning of each financial year, but the implementation of new sites was in fact staggered over the term of the trial; further contributing to lower customer numbers than originally estimated. The significant difference between actual customer numbers and the target in the first and second years of the trial¹¹⁵, resulted in an increasing departmental focus on strategies and processes to actively identify customers for referral to Case Coordination. While this was a reasonable interim response to the shortfall in customer numbers—given that one of the objectives of the trial was being able to accurately identify customers who could benefit from the Case Coordination trial—in parallel, the department could also have usefully reviewed the original assumptions of customer demand on which the target was based. The department’s decision not to reconsider the target had potential implications for the cost-effectiveness and direction of the trial, as it risked servicing a wider group of clients than originally intended.

115 The shortfall between the target for the number of customers assisted by Case Coordination and the actual numbers assisted was significant in the first two years of the trial: the 2011–12 target was 35,066 while the result was 9181 customers assisted; and the 2012–13 target was 113,160 whereas the result was 41,993 customers assisted.

3.62 A range of mechanisms were used in the Case Coordination trial to identify, analyse and transfer learnings. Effective mechanisms included: implementation guidance; training; on the ground support; a helpdesk; periodic stocktakes and monthly reports; wiki pages; and mini-trials. However, a different approach was adopted for capturing learnings from the LCTW trial, based on the department's view that most of the necessary testing and refining of the service model had been conducted previously. While there is evidence that the LCTW trial evolved somewhat to reflect lessons learned, it was not on a scale that would have been expected for a long term trial.

3.63 A limited range of mechanisms were established to identify cross-trial learnings, notwithstanding recognition, in the design phase, of the potential benefit of concurrent trials for learnings. As a consequence, some key cross-trial learnings—apparent in interviews with staff and service providers in the ANAO's sample of trial sites—were not highlighted in the lessons learned analyses from the department.

4. Evaluation of the Trials

This chapter outlines the evaluation strategies for each of the trials and presents the key findings of the evaluations undertaken to date. It analyses how the findings from interim evaluations were applied to the trials. The chapter also comments on the early closure of the trials.

Introduction

4.1 Formal evaluations of trials, at appropriate intervals, are critical in consolidating learnings, systematically analysing and collecting information, drawing conclusions and making recommendations to improve future policy and delivery arrangements. Learnings from interim evaluations should also inform, and lead to adjustments as necessary, to the way an initiative is being implemented.¹¹⁶ It would also be expected that at some later stage of the trials, evaluations would include a cost effectiveness or cost/benefit analysis. The usefulness and importance of evaluations is demonstrated by the fact that evaluations of similar previous trials were key components of the evidence base that informed the design of the Case Coordination and LCTW trials.

Evaluation strategies

4.2 An evaluation strategy should be developed during planning for a trial to allow for adequate information and data to be collected, for the monitoring of early program and delivery effectiveness, and for the longer term evaluation of outcomes.¹¹⁷

Case Coordination trial

4.3 An evaluation framework was developed in the design phase of the Case Coordination trial. Key features of the June 2011 Case Coordination Monitoring and Evaluation Framework included:

- collection, analysis and reporting of baseline data that was to be undertaken by the Department of Human Services between July 2011 and December 2011;

116 M Darcy et al, Centrelink Place based Services Program Evaluation, University of Western Sydney, December 2009; The Social Research Centre, Personal Adviser Evaluation, September 2004, p. 31

117 ANAO Better Practice Guide—*Innovation in the Public Sector*, December 2009, Canberra, p. 34.

- ongoing monitoring at each site to assess how the trial was progressing;
- a mid-term review to be conducted between January 2013 and July 2013;
- a final evaluation to be undertaken between October 2014 and July 2015 by an external evaluator; and
- possible separate research studies to complement the monitoring and evaluation of the trial.

Local Connections to Work trial

4.4 In March 2011 the Taskforce on Strengthening Government Service Delivery for Job Seekers formulated an Evaluation and Monitoring Plan to measure ‘the extent to which LCTW is effective and efficient in helping job seekers targeted for assistance overcome their barriers and ultimately find jobs’. The planned evaluation activities were:

- regular program reporting;
- an interim review in late-2010 of the roll out to the first four sites;
- an initial review in mid-2011 of the roll out to the next five sites; and
- evaluation beyond mid-2011.

4.5 For the evaluation beyond 2011 it was proposed that the evaluation of the LCTW trial would merge into evaluation of the Case Coordination trial given the links between the two models. When the management for the LCTW trial transferred from the Taskforce to the Department of Human Services in mid-2011, the department accepted the Taskforce’s evaluation and monitoring approach, including that the ongoing evaluation of the two trials should be merged. However, following recommendations from an external (KMPPG) quality assurance process in early 2012 (which were accepted by the department), the evaluations were conducted separately on the reasoning that the trials were also managed separately; with different objectives, data sets and customers. The department advised the ANAO that no separate evaluation strategy for the LCTW trial was subsequently developed.

Evaluations undertaken for the Case Coordination trial

4.6 The evaluation activity undertaken for the Case Coordination trial was broadly consistent with the evaluation strategy developed in the design phase of the trials, however, there were significant delays in collecting the baseline

data¹¹⁸ for each site. The department advised that the delays were caused mainly by IT issues and that the data was available from early 2014. The baseline data will be essential to evaluating the outcomes and value for money of the trial particularly given the difficulties of otherwise assessing social inclusion outcomes.

4.7 Table 4.1 provides a timeline of the evaluation activity that has been completed for the Case Coordination trial.

Table 4.1: Evaluation reports for the Case Coordination trial

Period	Evaluation Report
November 2012	Report of the first of two qualitative forums of key stakeholders conducted by the Department of Human Services.
December 2012	The first of two progress reports in relation to the intensive action research project in Bridgewater, Tasmania.
February 2013	Report of the second qualitative forum of key stakeholders conducted by the department.
June 2013	A second progress report in relation to the intensive action research project in Bridgewater. Report of the external mid-term evaluation conducted by the Australian National University and the Australian Institute of Family Studies.

Stakeholder Forums (November 2012 and February 2013)

4.8 Stakeholder forums can be useful in a broader evaluation strategy to test key concepts and elicit qualitative information to supplement analysis of quantitative data. Stakeholder forums took place at trial sites where the Case Coordination trial had been in place for at least six months.¹¹⁹ The views of customers and staff were generally positive in both forums—both groups were positive on the extent to which the Case Coordination trial made a difference to vulnerable customer groups.¹²⁰ Key positives included the ‘follow-up’ after referrals in helping customers feel supported and the staff observation that the

118 The baseline data to be collected from customer records for each trial site was intended to include vulnerability indicators (such as drug and alcohol addiction, and homelessness), repeat requests for advance payments, urgent payments (related to crises), use of Centrepay, and breaches/participation failures and demographic data.

119 At each site, separate forums were conducted for each participant group: customers, Case Coordination staff, and in the case of the February 2013 forum, representatives of community organisations.

120 Seventy-two per cent of customers rated their interview(s) as ‘excellent’. Department of Human Services, *Case Coordination Customers and Staff EPS Forums*, November 2012, p. 13.

ability to track customers' progress was important in ensuring outcomes for customers.

4.9 Staff identified the importance of on-site access to Social Workers and committing resources to developing strong relationships with local service providers. Community service providers were generally of the view that the quality of relationships with Centrelink had improved because of the Case Coordination trial. Community representatives noted the importance of having individual contacts with departmental personnel as a result of the trials, an improvement in the appropriateness of referrals and that the department's staff were more engaged in the community as a result of the implementation of the Case Coordination trial. Staff and customers noted that service gaps in the local community meant that timely referrals for assistance with housing in particular, but also counselling and drug and alcohol assistance, were sometimes unable to be made.

4.10 Staff expressed concern that an increasing focus on meeting performance benchmarks for numbers of customers participating in the Case Coordination trial came at the expense of quality interactions. They were also concerned that at times there was pressure for staff to be diverted from Case Coordination work to prevent lengthy queues developing in the service centre. Case Coordination staff emphasised the importance of taking a whole of office approach to Case Coordination to improve the understanding and commitment of all service centre staff.

Mid-term evaluation (June 2013)

4.11 The department commissioned the ANU and AIFS to conduct an interim evaluation during the mid-point of the four-year Case Coordination trial.¹²¹ Five key areas were explored in the evaluation:

- effectiveness of implementation;
- the Case Coordination model and the strength-based approach;
- referrals and relationships with service providers;

¹²¹ The AIFS/ANU conducted surveys and qualitative interviews of Case Coordination customers, departmental staff and community providers. Surveys and interviews were also conducted in the department's service centres that had not participated in the trial, but which had similar customer population demographics, to provide a basis for comparison. The evaluation also analysed administrative data collected by the department on the trial.

- obtaining sustained outcomes; and
- organisational embeddedness.

Effectiveness of implementation

4.12 The mid-term evaluation generally found that the implementation of the Case Coordination trial was effective: the program had been rolled out on schedule and in general, the training and support systems were assessed as effective. Although the caseload of the program did not meet initial expectations, the intensity of the workload had been higher than expected. The evaluation found that the lower caseload was not necessarily a fault of implementation; rather that ‘it is likely that the original estimates had to be made in the absence of any substantive data on the actual level of the need for these services’.

The Case Coordination model and the strength-based approach

4.13 The mid-term evaluation found that there was considerable diversity in the Case Coordination models implemented across sites. The report observed that two broad models had emerged, with trial sites falling between them to different degrees. At one end of the spectrum was the ‘intensive model’ which focused on longer interviews and identifying customers’ multiple needs and referrals. On the other end was the ‘back-to-basics’ model, where staff aimed to increase the number of ‘light touch’ cases and generally had shorter interactions with clients. The report found that some sites felt pressure from management to move to the ‘back-to-basics’ model and that some staff believed this approach would compromise the quality of service.

4.14 The evaluation observed that diversity in implementation was not necessarily a failure of the program as it was consistent with the program’s nature as a trial; however, the report noted that it was advisable that the department more clearly articulate its program objectives at some later stage in the program. The AIFS/ANU did note however that general shifts in the administration of the program had not been fully communicated or understood and had given rise to some uncertainty among staff.

4.15 In relation to the strength-based approach, the evaluation noted that it was a strong central underpinning to the program and that staff needed monitoring and on the job practice to learn the techniques.

Referrals and relationships with service providers

4.16 The mid-term evaluation concluded that Case Coordination appeared to have improved the quality of referrals. Service providers generally found that referrals made by Case Coordination sites were appropriate. Customers agreed they were more likely to access services if they had been referred through the Case Coordination trial. The percentage of program clients that followed through on a referral was 75 per cent, much higher with Case Coordination as compared to pre-Case Coordination implementation; however, the evaluation did observe that there was some scope for improving the 75 per cent referral attendance rate. The department's staff observed that there were some service gaps in terms of service provider availability especially in housing, mental health and alcohol services.

4.17 In terms of relationships with service providers, the evaluation found that there had been a strengthening of relationships between the department's staff and service providers as a result of the Case Coordination trial. The evaluation identified that refining the database used by Case Coordination staff to record the services to which clients were referred would have allowed the tool to be an integrated means of mapping services and the pattern of referrals.

Obtaining sustained outcomes

4.18 The interim evaluation formed an overall conclusion about the extent to which the Case Coordination trial, at the time of evaluation, was capable of obtaining sustained outcomes where the 'ultimate objective' was defined as 'achieving sustained improvements for clients, their families and communities'.¹²² The report assessed this criterion by reference to two measures: the extent to which Case Coordination contributed to 'improved outcomes' and 'sustained outcomes and self-reliance'. In respect of the former, it was found that staff and participants considered that the Case Coordination trial was making a difference to peoples' lives.¹²³

4.19 Regarding the more complicated question of the extent to which the Case Coordination trial built peoples' self-reliance and capacity for

122 This finding was accompanied by a caveat that a finding about the overall conclusion at the end of the trial would be more appropriate.

123 A more specific finding was impeded by limitations in CASSi data. CASSi (Customer Assessment and Support System—iteration) was the database used to record customer information for the Case Coordination trial.

self-management, the report stated that it appeared that Case Coordination was effective in assisting vulnerable clients to improve their ability to seek assistance from various service providers although more work was required in relation to whether customers had become more self-reliant. The preliminary evidence suggested the tentative conclusion that the Case Coordination trial responded to customers' needs and assisted many customers, however, it was not generally an 'individually transformational program'¹²⁴. Survey responses from the department's Case Coordination staff compared with the department's staff at non-Case Coordination sites suggested that there were 'robust differences in the extent to which the needs of vulnerable people are being met' [in the view of staff] between those two types of sites.

Service integration

4.20 Finally, the report considered the extent to which Case Coordination was integrated with the rest of the department's services at Customer Service Centres. The evaluation found that Case Coordination was well embedded: staff attitudes in relation to the value of the program were positive, the program was effectively managed and working relationships between Case Coordination staff and other departmental staff were generally good. However, evidence of tension at some sites over the role of Case Coordination staff and Social Workers was noted as an area that required further monitoring. The evaluation commented on a perceived cultural change brought about by Case Coordination in making service centres as a whole more client-focused, rather than concentrating primarily on managing transactions.

Action Research – Bridgewater Case Study

4.21 Around \$1 million of the Case Coordination trial funding was used to undertake an intensive, longitudinal study in one location to track social inclusion outcomes for individuals over time, and to identify factors that made a difference in sustaining social and economic participation. It was intended that findings from the study would feed into the evidence base for the development of an intensive service delivery model in 2014–15 along with the evaluation of, and learnings from, the Case Coordination trial itself.

124 Report to the Department of Human Services from the Australian Institute of Family Studies and the Australian National University (2013) *Evaluation of the Case Coordination Trial – Interim Report*, p.167.

4.22 To this end, the department commissioned the RMIT University to complete a three year research project entitled ‘Making a Difference for Children and Families: New ways service delivery can help break cycles of disadvantage’. The project examined the community and the department’s services in Bridgewater in Tasmania, one of the trial sites for Case Coordination.¹²⁵ The key research questions were:

- how the department can work with individuals and communities to improve the circumstances and outlook of those experiencing intergenerational welfare dependency; and
- how an understanding of the values and behaviours of communities and individuals can inform the design of services that lead to stronger future economic and social participation.

4.23 Two Progress Reports were completed on the Bridgewater Study, in December 2012 and June 2013. The reports distinguish between types of customer service that could be delivered by the Department of Human Services: transactional and relational approaches. The transactional approach is characterised by staff milestones being measured in the completion of individual tasks and dealing with only the customer’s immediate issue. By way of contrast, milestones for the relational approach are measured by outcomes for the customer. The relational approach is characterised by a focus on a holistic service by addressing customer needs beyond the immediate issue. Relational service delivery was identified as more appropriate for highly disadvantaged customers in the Bridgewater area. RMIT University observed that Case Coordination, with its strength-based approach, was the specific departmental service which had the most latitude for providing relational services. However, it identified some issues with the way Case Coordination was being delivered in practice which could impact on its effectiveness, including that the pressure of achieving performance targets restricted the amount of time DHS staff had with customers and that this limited their capacity to adopt a relational or strengths-based approach.

125 Bridgewater was chosen as a suitable site for a more intensive study of social inclusion outcomes because of its first decile ranking in the ABS’ Social–Economic Indexes for Areas (meaning it is in one of the most disadvantaged areas) plus it has one of the highest birth rates in Tasmania and a high proportion of persons aged 5 to 19 years.

Impact of findings from formal evaluations on the Case Coordination trial

4.24 There is limited evidence that the findings from the qualitative forums of key stakeholders, the mid-term evaluation and the interim reports on the Bridgewater intensive action research project affected the manner in which the trial was being implemented. Changes to the implementation guidance documentation in May and June 2013 reflected some of the findings of the qualitative forums of key stakeholders (conducted in November 2012 and February 2013), particularly the emphasis on taking a whole of office approach to the Case Coordination trial to improve the understanding and commitment of all staff. Likewise, a small number of changes in the September 2013 implementation guidance reflected findings from the mid-term evaluation, particularly changes to clarify staff roles in the trial (to reflect the finding that shifts in the administration of the program had not been consistently communicated to staff and the tensions around the roles of social workers and Case Coordination staff).

4.25 One issue mentioned in each of the formal evaluations examined above was the impact of performance indicators on the implementation of the trial. However, this was not reflected in any changes to performance measures. As outlined in Chapter 3, the annual target for the number of customers receiving support through Case Coordination was intended to be revised once the department had gained experience with the trial and was able to test the assumptions underlying the target. The findings of the mid-term evaluation on this issue were consistent with the department's analysis in early 2013. The evaluation concluded that 'the program has not met the originally envisaged caseload, but the intensity of the workload has been heavier than was previewed. There is little to suggest that this is a problem of implementation; rather it is likely that the original estimates had to be made in the absence of any substantive data on the actual level of need for these services'.¹²⁶ Despite this conclusion, no subsequent action was taken to review this target.

126 Australian Institute of Family Studies and the Australian National University, *Evaluation of the Case Coordination Trial – Interim Report*, Canberra, 2013, p.157

Evaluations undertaken for the Local Connections to Work trial

4.26 Table 4.2 provides a timeline of the evaluation activity that has been completed for the LCTW trial.

Table 4.2: Evaluation reports for the Local Connections to Work trial

Period	Evaluation Report
May 2010	Report from the first of four qualitative forums of key stakeholders.
September 2010	Second report of qualitative key stakeholder forums.
June 2011	Third report of qualitative key stakeholder forum. An evaluation undertaken by the Taskforce is published. ¹²⁷
June 2012	The final report from the qualitative forum of key stakeholders. ORC International LCTW Evaluation Report.
April 2013	Hall & Partners (Open Mind) Interim LCTW Evaluation.
April/May 2013	The Department of Human Services produces an internal evaluation.

Taskforce Evaluation of LCTW Implementation (June 2011)

4.27 The Taskforce undertook an initial analysis of the LCTW trial in mid-2011 consistent with the Taskforce’s Evaluation and Monitoring Plan of March 2011.¹²⁸ The Taskforce found that the LCTW trial was successfully implemented in each of the nine sites examined. Contributors to successful implementation of LCTW were identified and included: appropriate site selection, a high level of engagement with employment service providers and community partners, strengths-based interviews and sufficient start-up resourcing. A key conclusion of the evaluation was that strong links between the Department of Human Services and the Department of Employment were needed to reinforce the working relationship between Centrelink and employment service providers notwithstanding that the Department of Human Services had primary responsibility for the LCTW trial.

127 The Taskforce also conducted a preliminary evaluation in March 2011.

128 The content of the evaluation included findings in relation to the first four LCTW sites implemented during May to June 2010 and initial findings for five additional sites implemented during March to May 2011. In reaching its findings, the evaluation utilised: jobs outcome data, LCTW administrative data, feedback from LCTW site staff, feedback from focus groups of LCTW interviewers and interviewees and feedback from community partners.

4.28 The evaluation also found that the LCTW trial was achieving early community, social and economic outcomes for job seekers at this initial stage of the trial. To assess this, the Taskforce considered, among other things: the number of joint interviews, the number of referrals, the number of co-located partners, the number of job placements and feedback from job seekers.

4.29 The Taskforce found that the LCTW trial was contributing to more efficient service delivery because it boosted attendance rates at joint interviews and the job seeker was required to tell their story only once. It was a key conclusion that the nature of LCTW as a 'new service delivery model' required an 'action learning' approach to program management, that is, one in which the program guidelines, processes and expectations are actively reviewed over time.

4.30 The Taskforce performed initial modelling of the cost-effectiveness of the LCTW trial. The methodology involved a comparison of income support savings from job seekers and the budget cost of funding the LCTW trial.¹²⁹ The Taskforce found that based on the initial assessment, LCTW 'may deliver a modest net positive return', specifically net savings of over \$100 000 per site per year based on the assumptions made; although the Taskforce noted that the finding was highly susceptible to job placement rates and the extent to which job seekers remained in jobs.

Stakeholder forums

4.31 The department engaged EPS Consulting to evaluate the LCTW trial at four points during the course of the trial: May 2010¹³⁰, September 2010, June 2011 and June 2012.¹³¹

129 The modelling involved a number of key assumptions including that 'current 50 per cent higher job placement rates for targeted job seekers...would be expected to rise as disadvantaged job seekers currently receiving services under LCTW find jobs'. The model also took into account the net impacts of job seekers obtaining job placements and the effects of job outcomes on employment service providers' payments and fees.

130 The focus of the May 2010 forums was to gauge participants' opinions on service delivery before the implementation of the LCTW trial in order to inform the roll out of LCTW. The findings are not set out in this chapter as they were not directly relevant to the Department of Human Services' management of the LCTW trial.

131 The methodology involved a series of forums held in each time period with each involving participants of a particular type. The September 2010 and June 2011 Reports surveyed job seekers and LCTW staff, whereas that of June 2012 surveyed job seekers and service providers. The May 2010 Report surveyed job seekers only. Results were collected through use of electronic feedback and facilitated discussions including polling the opinions of the participants.

The September 2010 and June 2011 Reports

4.32 The areas of focus in the September 2010 and June 2011 Reports were aligned, covering the importance of addressing jobseeker barriers, the difference being made by LCTW and how to engage disadvantaged job seekers. It was generally found that the LCTW trial was making a positive difference. However, the June 2011 Report noted that the overall assessment was not as positive as the September 2010 Report but that ‘it is evident that the initiative is making a difference for a number of job seekers.’ The participants were of the view that the LCTW trial was a significant improvement on standard service delivery and that co-location of service providers and being linked with the community were important factors in the efficacy of the program. There were also views that there would be value in potentially expanding the scope of customers that could be streamed into LCTW to include, for instance, sole parents, pre-release prisoners or youth. Community service providers also indicated that they needed more incentive to be co-located at Centrelink to justify their presence there, having regard to limitations in their own resources.

The June 2012 Report

4.33 In relation to the extent to which LCTW trials led to outcomes for job seekers, the participants in the June 2012 stakeholder forums assessed LCTW as effective in assisting job seekers with short-term non-vocational issues: identifying their employment goals, resolving their barriers to employment and increasing job seekers’ attendance at appointments. The trial was less effective at generating employment outcomes, with 72 per cent of job seekers stating that they had not obtained any paid employment at all since joining the LCTW program; however, many job seekers in the program maintained that they were not job ready and that it was important for them ‘to take it one step at a time’. The forum found that job seekers generally rated LCTW as beneficial in providing them the support they needed. It was a finding that the LCTW trial improved service efficiency because customers were only required to tell their story once and because employment service providers and Centrelink services were streamlined. The department’s relationship with service providers was also found to have improved with the LCTW trials.

ORC International Evaluation June 2012

4.34 The evaluation¹³² found that the LCTW trial significantly improved customer attendance and engagement with services due to, among other things, customer perceptions that they were being supported, co-location of community partners, and the rapport customers had built up with staff. The evaluation found that linkages with the community were strengthened by the LCTW trial. There was some difficulty at trial sites in retaining partners, primarily because community partners had limited resources and it was difficult maintaining staff at the department in addition to their home site.

4.35 A key finding was that LCTW staff and community partners felt that a focus on employment outcomes alone was overly restrictive. Staff and community partners indicated that a more appropriate assessment of the outcomes would include improved attendance and engagement, linking in with appropriate services that improve the quality of life in the shorter term for participants (such as drug and alcohol addiction, other health issues and homelessness) and which also address barriers to employment in the longer term.

4.36 In relation to the efficiency of the program, the evaluation found that LCTW staff and site managers did not have a clear sense of whether the program was providing return on investment, as the various social benefits of the program were difficult to measure. Overall, the evaluation found that the benefits of the program were diverse and ranged from the fulfilment of specific outcomes such as social inclusion to wider benefits including increased networking at the community level. ORC International recommended that a more formal cost benefit analysis of the program be undertaken. Other recommendations included:

- widening the definition of customer outcomes (to be less employment focused);
- improving communication with partners, particularly around rostering and availability of providers; and
- widening the target group to include shorter term unemployed.

132 In undertaking the evaluation, ORC International reported that it visited nine LCTW sites and performed a Computer Assisted Telephone Interview survey of 340 existing LCTW customers. It also conducted telephone interviews with 43 co-located community partners, 29 employment service providers, nine departmental Service Centre Managers, and 25 LCTW staff.

Hall & Partners (Open Mind) mid-term evaluation (mid-2013)

4.37 This evaluation¹³³ devised a four-stage model measuring the status and expected progress of a customer undertaking LCTW: 'pre-situation stabilisation',¹³⁴ 'situation stabilisation',¹³⁵ 'job readiness',¹³⁶ and 'employment.' By comparing the customers at LCTW trial sites and a comparative group of non-LCTW sites (matched sites) at each stage of the model, the evaluation made findings on the extent to which LCTW improved customers' community, social and economic outcomes.

4.38 The evaluation found that LCTW sites were notably more successful than matched sites at transitioning participants away from pre-situation stabilisation into situation stabilisation; however the extent to which LCTW improved job readiness and employment compared to matched sites was less pronounced. In other words, while LCTW was assessed as being 'very successful in achieving social and community outcomes ... it may need to be focused more directly on employment outcomes once job readiness is achieved'.¹³⁷

4.39 The evaluation identified elements of the program which were positive and also those which constituted barriers to the effective operation of the program. Among other things, the evaluation specified the following aspects as positive features: the customer-centred nature of the LCTW; having the right staff to engage with strength-based interviewing; partnerships between the department, employment service providers and other local service providers; and joint interviews. Barriers to success were found to be: a need for clarity around program objectives particularly relating to employment outcomes for LCTW customers; weaknesses in the record keeping system

133 The evaluation was based on information from visits to five LCTW service centres, two surveys of 600 customers and 167 frontline staff (from the department and community service providers), from both LCTW sites and non LCTW service centres ('matched sites'), and a review of the department's customer data.

134 'Pre-situation stabilisation' – customers characterised by multiple barriers to work and a reluctance or inability to engage cooperatively with the Department of Human Services and other service providers.

135 'Situation stabilisation' – customers address key barriers that prevent job-seeking through the assistance of the Department of Human Services staff; success is measured through participation in and achievement of relevant goals such as treatment of drug addiction, establishing a stable home situation or managing domestic violence.

136 'Job readiness' – customers are psychologically ready to find and take on a job, but may need to address factors around capability (such as literacy or skills training) and capacity (such as access to public transport) that are preventing them from getting work.

137 This contradicted the previous ORC International Evaluation recommendation of widening the definition of customer outcomes to be less employment focused.

which made customer management difficult; gaps in available services (for example housing and counselling services); weak local labour markets; and a lack of LCTW staff consistency over time.

4.40 The evaluation noted that non-target customers selected for LCTW services on a discretionary basis (that is customers who were not long term unemployed or disadvantaged youth) were more likely to progress towards job readiness than target customers. From this, Hall & Partners concluded that there may be incentives for service providers and staff to include more non-target customers in LCTW so that better results in relation to performance measures are achieved.

Cost-effectiveness

4.41 The evaluation developed a cost-benefit model to assess the cost-effectiveness of LCTW. Per customer, the mean cost of providing LCTW services was assessed as ‘substantially higher’ than standard assistance provided to job seekers: a LCTW customer cost 125 per cent in addition to the current departmental funding for a Newstart Allowance customer and 78 per cent in addition to the funding for a Youth Jobseeker customer.¹³⁸

4.42 The evaluation devised a model which estimated the benefits from LCTW, which were limited to tangible benefits as a consequence of customers achieving self-sufficiency from participating in LCTW.¹³⁹ However, the social and community benefits associated with LCTW identified by the evaluation were not included in the analysis.

138 Additional costs were due to the demands of the intensive service model such as longer interviews, networking with community providers, and more individualisation of services.

139 Key assumptions included that: self sufficiency was defined as a customer not receiving primary income support payments for an average of 12 months—based on a starting point of 4 328 customers (the number of customers who completed a first interview in 2012). The rate of self-sufficiency outcomes at the end of 12 months was 14 per cent (derived from ‘pre post’ analysis); and the costs saved from self sufficiency were assumed to be Newstart allowance fortnightly payments, with partial reductions in benefits not included.

4.43 The model considered three scenarios to assess the extent to which the LCTW trial contributed to customers' self-sufficiency.¹⁴⁰ The three scenarios were that:

- LCTW accounts for all customer self-sufficiency, in which case the net benefit of LCTW in a year would be in excess of \$1 million.
- LCTW accounts for 50 per cent of customer self-sufficiency, in which case the net benefit of LCTW would be less than \$200 000.
- LCTW has no impact and there would be a net *cost* of over \$700 000.

4.44 The evaluation arrived at the conclusion that LCTW was probably operating between the second and third scenarios and therefore that LCTW was operating at cost neutrality. The evaluation noted that aspects of the cost effectiveness model were simplistic and required further development and that the social and community benefits from LCTW could be factored in as additional benefits.

4.45 Based on the above findings, the evaluation made four recommendations, which can be summarised as follows:

- the LCTW trial should focus its program objectives on employment outcomes;
- the department should implement a simple data collection system identifying customer focussed goals;
- priority to be given to target customers, including by implementing a limit on non-target customer referrals to no more than ten to 15 per cent of LCTW customer services; and
- staff recruited to the trial should only work on LCTW rather than any additional 'business as usual' work.

140 The extent to which the LCTW trial contributed to customers' self sufficiency depended on the proportion of LCTW customers who would have become self-sufficient without the assistance of LCTW, that is in economic terms the 'deadweight loss' of the program. The key to reducing a program's deadweight loss is through more focused targeting of the most disadvantaged groups within the unemployed cohort. For a discussion of deadweight loss see Kelly R, Lewis P, Mulvey C, *Self Employment Programs and Outcomes for Disadvantaged Job seekers, 2002*, The Centre for Labour Market Research, <http://business.curtin.edu.au/local/docs/2002.3_SelfEmploymentPrograms.pdf> p. 2

The Department of Human Services' internal evaluation (mid-2013)

4.46 The Department of Human Services' Research and Analysis Branch completed an evaluation in April-May 2013 which measured the off-welfare outcomes and the extent of reduced reliance on income support for the following types of customers at LCTW sites compared with non-LCTW sites:

- Extremely Long Term Unemployed (ELTU);
- Disadvantaged Youth; and
- 'Other referred' (non-targeted) customers.

4.47 In respect of the above customer types, the evaluation used quantitative methods to compare the number of customers at non-LCTW sites (the Control Cohorts) compared with the number of customers at LCTW sites (LCTW Cohorts) who achieved the 'off-welfare'¹⁴¹ and reduced income support outcomes. No assessment was made of broader social or community benefits from LCTW.

4.48 In respect of both ELTU customers¹⁴² and Disadvantaged Youth customers, the evaluation measured the percentage of the 2010–11 Cohorts with off-welfare outcomes at the end of the financial year and one year afterwards; and the percentage of the 2011–12 Cohorts with off-welfare outcomes at the end of the financial year. The department's Research and Analysis Branch concluded that the data showed that there was no evidence that LCTW ELTU and Disadvantaged Youth participants left welfare at a higher rate than those customers who did not go through LCTW. The evaluation also found that participants showed no greater reduction in income support compared with non-LCTW customers. No improvement was found even when the type of vulnerabilities, age and number of days of disadvantage were investigated.

4.49 The findings in relation to the off-welfare outcomes for non-target customers¹⁴³ at LCTW sites relative to the Control Cohort were assessed by the department as inconclusive. As the primary criterion for non-target LCTW customers was that they were referred to LCTW, no comparison group could

141 Off-welfare' outcomes occur when job seekers are no longer reliant on welfare payments

142 ELTU customers were those identified in the Department of Human Services and DEEWR databases as having at least three years of continuous unemployment.

143 Non-target customers were those who had been referred to LCTW by departmental staff or employment service providers and who could not be confirmed as either Disadvantaged Youth or ELTU at the time of participation.

be determined in non-LCTW sites. Without a control group, the efficacy of the LCTW program could not be tested for this cohort.

Impact of findings from interim evaluations on LCTW

4.50 Overall, the evaluation findings indicated that the LCTW trial had mixed results. Key issues identified by the evaluations related to: whether the expected employment outcomes were being realised; and in relation to two features of the trial—the primacy of employment outcomes over social outcomes and the inclusion of non-target customers.

4.51 The findings of the evaluations for LCTW had some impact on the way the trial was implemented, as reflected in the changes to the implementation guidance formulated by the Intensive Services Branch. As outlined in Chapter 3 there were two subsequent iterations of the guidance material for trial sites since the original guidance was issued in 2011—one in April 2013 and one in August 2013, although the latter only had draft status. Each of the iterations of the guidance material addressed the issues of employment versus social outcomes and the inclusion of non-target customers, with somewhat differing emphasis reflecting the varying views of the most recent evaluation. The draft August 2013 guidance, for instance, stated that the focus of the trial should more clearly be on achieving employment outcomes for participants and that limits should be placed on the inclusion of non-target customers, reflecting the Hall and Partners evaluation of mid-2013.

Advice to Minister

4.52 The department periodically provided briefing to the Minister on the operational progress of the trials including through the SDR Interdepartmental Committee reporting. However, despite establishing continuous learning mechanisms and conducting periodic formal trial evaluations, the department did not advise the Minister or other key stakeholders, such as the Department of Employment, of trial findings—an omission given the substantial time, resources and policy expectations invested in the trials.

Early closure of trials

4.53 On 15 January 2014 the Minister for Human Services agreed to the department's proposal for the early closure of the two trials at the beginning of 2014–15 (rather than at the end of the financial year) to assist the department to achieve savings associated with the Efficiency Dividend.^{144,145} Truncating a program funded as a new policy measure to deliver savings, to contribute to meeting the Efficiency Dividend, is a course not consistent with the purpose of the new policy measure or the Efficiency Dividend.

4.54 The department advised the ANAO that it has put in place preparations for the closure of the trials including the suspension of further planning for the final external evaluation of the Case Coordination trial; limitations on new customers being referred to the trials; and no new sites have been established for either trial since the end of 2013. It will be important that the department seeks to realise an appropriate return on investment in the two trials—at end February 2014 the department's expenditure on the trials was \$44.7 million.

4.55 Realising an appropriate return on the financial commitment represented by the trials would involve:

- synthesising and documenting the learnings to date from: each site, existing evaluations and continuous learning mechanisms, including cross-trial learnings; and reviewing and documenting the implications identified by the trials for future service delivery relating to customers with complex needs;
- conducting final evaluations for both trials including using the baseline data identified for the Case Coordination trial;
- the baseline data would inform analysis on the social and economic outcomes of the trial, which is necessary to evaluate the effectiveness and value for money of the trial; and

144 The Efficiency Dividend, first introduced in the 1987–88 Budget, is an annual reduction in agencies' eligible appropriations. The Efficiency Dividend is intended to act as an incentive for agencies to find efficiencies and provides a visible return from the efficiencies to the Budget. See JCPAA (2008) *The efficiency dividend and small agencies: Size does matter*.

145 The 2011–12 Budget provided \$92.4 million over four years for the trials. Total expenditure on the trials to the end of February 2014 was \$44.7 million based on information provided by the department.

- ensuring appropriate record keeping of the documentation relating to the design, implementation and learnings from the trials.

4.56 Orderly closure of the trials is also important, particularly from the point of view of staff, customers and other stakeholders such as local service providers in the trial sites. The department has advised that it is putting in place processes to manage the early closure of the trials including plans to undertake internal final evaluations of both trials.

Recommendation No.1

4.57 To realise an appropriate return from the conduct of the Case Coordination and Local Connections to Work trials the ANAO recommends that the Department of Human Services completes, and reports on, final evaluations of the trials.

Human Services' response:

4.58 *The department agrees with the ANAO's recommendation. The department will complete an internal evaluation of the trials by December 2014 utilising the existing comprehensive evidence base in order to document learnings and considerations for future service delivery models. Outcomes of the evaluations will be reported to the Secretary.*

Conclusion

4.59 Formal evaluations of trials, at appropriate intervals, assist in: consolidating and documenting learnings; assessing progress; and informing policy direction. The usefulness of evaluations was demonstrated by the use of evaluation findings from previous trials in the evidence base that informed the design of the Case Coordination and LCTW trials. Both trials have been evaluated, employing aspects of better practice: the department advised that a baseline dataset was established for Case Coordination; qualitative and quantitative information was gathered from a range of stakeholders (including customers, staff and service providers); there was a focus on outputs and outcomes; initial cost effectiveness calculations were undertaken for the LCTW trial; and comparative analysis was employed with 'control' populations.

4.60 The findings of the review activity undertaken to date for the Case Coordination trial have been generally positive, with indications that the trial has improved relationships between the department and local service providers. The majority of customers participating in the trial indicated that

Case Coordination assisted them in achieving their social and/or economic goals. The tentative conclusion from the interim evaluation suggested that the Case Coordination trial responded to customers' needs and assisted many customers, however, it was not generally an 'individually transformational program'¹⁴⁶. The department advised that a base line data set for each Case Coordination trial site had been established including customer vulnerability measures but whether the trial had an impact at this broad outcome level has yet to be assessed.¹⁴⁷

4.61 Review findings for the LCTW trial have been mixed in relation to whether the trial was achieving the expected employment outcomes and of the primacy of employment versus social outcomes. The most recent review activity suggested that the participants in the LCTW trial did not achieve 'off-welfare' outcomes¹⁴⁸ at a higher rate than similarly disadvantaged job seekers not participating in the trial. However, positive social benefits to job seekers participating in the trial were reported as were community benefits such as significantly improved relationships between the department and local service providers.

4.62 Despite establishing continuous learning mechanisms and conducting periodic formal trial evaluations, the department did not advise the Minister or other key stakeholders, such as the Department of Employment, of trial findings—an omission given the substantial time, resources and policy expectations invested in the trials.

4.63 The early closure of the trials, with the agreement of the responsible Minister, is to contribute to the savings required for the department's Efficiency Dividend obligations.¹⁴⁹ Truncating a program funded as a new policy measure to deliver savings, to contribute to meeting the Efficiency Dividend, is a course not consistent with the purpose of the new policy

146 Report to the Department of Human Services from the Australian Institute of Family Studies and the Australian National University (2013) *Evaluation of the Case Coordination Trial – Interim Report*, p.167.

147 Baseline data to be collected from customer records for each trial site include vulnerability indicators (such as drug and alcohol addiction, and homelessness), repeat requests for advance payments, urgent payments (related to crises), use of Centrepay, and breaches/participation failures and demographic data.

148 'Off-welfare' outcomes occur when job seekers are no longer reliant on welfare payments.

149 As previously indicated the 2011–12 Budget provided \$92.4 million over four years for the trials. Total expenditure on the trials to the end of February 2014 was \$44.7 million based on information provided by the department.

measure or the Efficiency Dividend. Given the early closure, however, it will be important for the department to achieve an appropriate return on the approximately \$45 million and three years already expended on the trials. This would involve conducting final evaluations of each trial to synthesise and document learnings to date, and utilising the baseline data for the Case Coordination trial to assess the social and economic outcomes. It will also be important to achieve an orderly closure of the trial sites.



Ian McPhee
Auditor-General

Canberra ACT
16 June 2014

Appendices

Appendix 1: Agency Responses

Commonwealth of Australia



Australian Government
Department of Human Services

Kathryn Campbell CSC
Secretary

Ref: EC14/166

Dr Tom Ioannou
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Dr ^{Tom}Ioannou

Thank you for the opportunity to comment formally on the proposed 'section 19' report arising from the Australian National Audit Office's (ANAO) performance audit of the Trials of Intensive Service Delivery in the Department of Human Services, dated 6 May 2014.

The Department of Human Services agrees with the ANAO's recommendation.

Attachment A to this letter details our overall response to the proposed report and to the ANAO's recommendation.

Attachment B outlines some further comments for the attention of the Auditor-General. These are not intended for publication in the final report.

If you would like to discuss the department's response, please do not hesitate to contact Catherine Rule on (02) 6141 8954

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Campbell'.

Kathryn Campbell

30 May 2014

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SENSITIVE

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6 JUN 2014
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Australian Government
Department of Employment

Secretary
Renée Leon PSM

Dr Tom Ioannou 8/6
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2001

Dear Dr Ioannou

Trials of Intensive Service Delivery in the Department of Human Services

Thank you for providing me the *Extract of Proposed Report Trials of Intensive Service Delivery in the Department of Human Services*.

I note that: 88 paragraphs and a part of each of two paragraphs have been deleted from the proposed report; and your advice that none of the findings or recommendations relate to the Department of Employment.

The Department of Employment's formal and summary response to the extract of the proposed report is presented at Attachment A. Matters of an editorial nature are at Attachment B.

If you have any queries about the Department's response, please contact Ms Moya Drayton, Group Manager, Job Services Australia Group, on (02) 6123 7512.

Yours sincerely

Renée Leon PSM

2 June 2014

Appendix 2: Case Coordination trial – cost calculations for 24 sites compared to 44 sites

The ANAO’s calculations for 24 sites instead of the 44 sites for the Case Coordination trial are designed only to indicate an order of magnitude of the possible savings involved in a smaller trial rather than as an exact calculation. The choice of 24 sites as a comparator does not reflect endorsement of the scale of the LCTW trial. The assumptions used have slightly underestimated the potential savings.¹⁵⁰

In developing an estimated cost for 24 Case Coordination trial sites over four years, the ANAO’s methodology built on the original departmental costings for the 2011–12 Budget.¹⁵¹ It was assumed that 24 sites could be established in two phases, rather than the four phases used for the 44 sites. The first phase would match the department’s proposal for 19 sites established in the first year of the trial (2011-12). However, in this analysis the second (and final) phase would comprise five sites in the second year. The costings for the additional five sites in the second year of the trial (2012-13) (instead of the 15 sites actually implemented) were calculated using the average cost of the 15 sites from the original costings and multiplying this by five. The cost for these 24 sites was then maintained and projected for the remainder of the four year trial.

Comparative costings for 24 Case Coordination sites

Year	Original costings for 44 sites (\$m)	Alternative costings for 24 sites (\$m)	Potential savings (\$m) if size of trial was 24 instead of 44	Potential savings (%) ^(a) if size of trial was 24 instead of 44
2011-12	11.2	11.2	0	0
2012-13	18.0	13.6	4.4	6.1
2013-14	21.8	13.2	8.6	11.8
2014-15	21.5	13.1	8.4	11.5
Total	72.5	51.2	21.3	29.4

Source: ANAO analysis based on Case Coordination NPP costings.

Note (a): Percentage savings of the original total costs.

150 No adjustment has been made to the alternative costings of the 24 sites for the impact of the Efficiency Dividend or the indexation for the wage cost index (the costings for the 44 sites were adjusted for these factors). The combined effect of these two factors in 2012–13 and 2013–14 would have reduced the overall cost of the trials across the forward estimates.

151 Costings are based on the average cost per trial site, as per the department’s approach, rather than modeling the cost of large, medium and small sites.

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