



# Making a difference

- Towards an outcomes, performance and accountability framework for Tasmanian community services

**Interim Report**  
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## Introduction

In Tasmania, DHHS has stated its intention that by July 1<sup>st</sup> 2010 all service agreements with community service organisations will be outcomes focused and reporting will be against agreed key performance indicators to measure progress towards specified outcomes. The process of converting service agreements to an outcomes base began in 2008 and has continued gradually since then. Many Federal Government contracts with Tasmanian community service providers already include some element of outcomes accountability and there is work being undertaken to clarify and streamline the performance accountability frameworks within some Federal departments such as FAHCSIA.

DHHS's move to outcomes-based contracting is a substantial change from the past where contracts were largely output focused with reporting detailing readily measurable items such as the number and categories of clients served, and the types and number of services delivered. DHHS's goal, as stated in the Office for the Community Sector Strategic Plan 2008-2010, is that "All DHHS service agreements with community sector organisations are outcomes focused, represent best value for money, and address the needs of the Tasmanian community" (OCS 2008). The intention of this change is to allow government to demonstrate the outcomes of their expenditure of taxpayer dollars, and to ensure that government reporting requirements assist organisations to improve their services.

**Project aim:** The purpose of the Outcomes, Performance and Accountability Project is to develop a better understanding of outcomes experiences in other jurisdictions and to identify how an outcomes approach to program design, performance and accountability can be meaningfully introduced in Tasmania.

This understanding can contribute to the development of a contracting and reporting system in Tasmania that meets the needs of both community organisations and government, and assists genuine improvement in community health and well-being through improving community service delivery.

This Interim Report includes a literature review on outcomes contracting, reporting and accountability as well as a situation analysis based on interviews with key community service and government stakeholders in Tasmania and other Australian states, particularly NSW. A final report will be produced by April 2010 after further consultations.

**Methods:** This project includes a literature review covering:

- Government and not-for-profit purchaser/provider relationships and contracting
- The benefits and practicalities of outcomes-based accountability
- Evaluation of community services

Face-to-face and phone interviews were also conducted with key stakeholders in Tasmania and interstate to identify current levels of understanding and practice, what has been done interstate, and options for outcomes accountability frameworks. A number of people from NSW in particular were interviewed to develop a detailed case study on use of the Results Based Accountability framework in that state.

Few details from the Tasmanian interviews are provided in this Interim Report, however they have informed some general statements made about the Tasmanian situation.

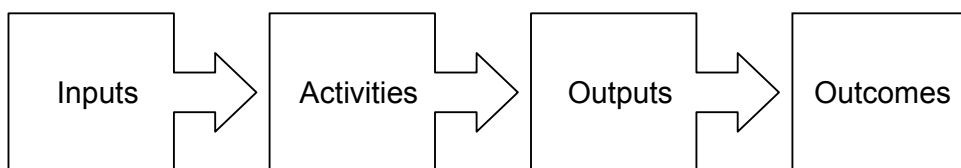
## What is an outcome?

The following is a useful definition of outcomes for community or social services:

Outcomes are benefits or changes for individuals or populations during or after participating in program activities. They are influenced by a program's outputs. Outcomes may relate to behaviour, skills, knowledge, attitudes, values, condition, or other attributes. They are what participants know, think, or can do; or how they behave; or what their condition is, that is different following the program.

United Way of America, 1996 p.2 (quoted in Productivity Commission 2009 p.3.16)

When looking at a single program or organisation in isolation, outcomes are the end result flowing from the application of inputs (resources used e.g. money, time of staff and volunteers, facilities, and supplies) to provide activities (e.g. feed and shelter the homeless, counsel and support young families, provide respite for carers) which lead to outputs (tangible products from the activities e.g. number of beds and meals provided, number of counselling sessions conducted, hours of service delivered, number of people trained). These inputs, activities and outputs contribute to outcomes for clients.



However, this linear model greatly simplifies the complexity of the real world, where outcomes such as behaviour, attitudes and living conditions will be influenced by multiple services, agencies and other factors.

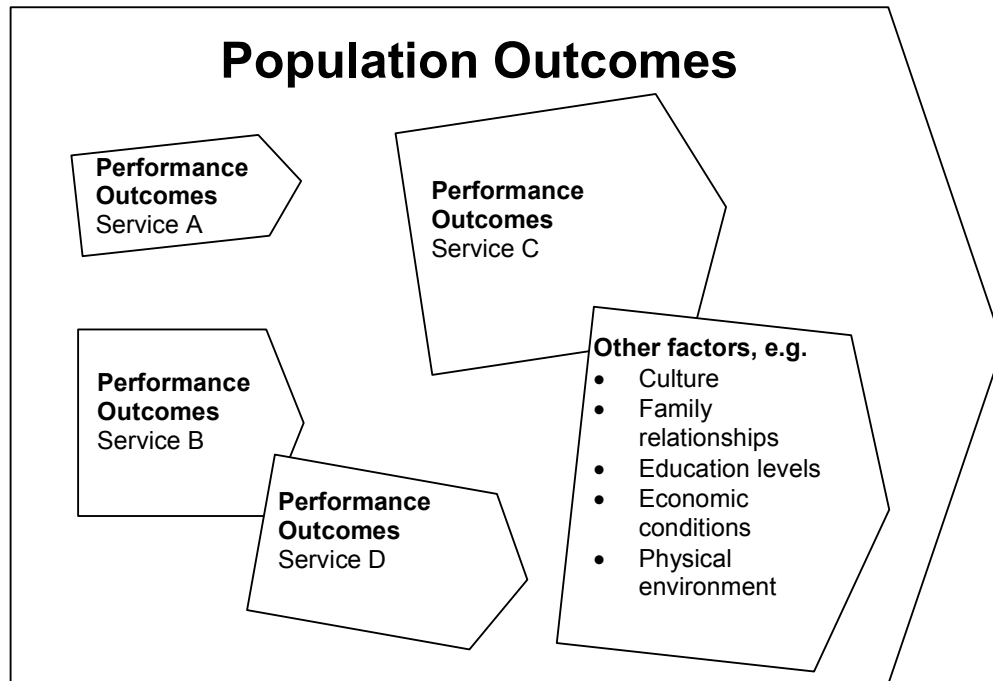
### **Two types of outcome: Population or community outcomes vs Performance outcomes**

A critical distinction to be made is the difference between outcomes for a whole community or population and the performance outcomes from a particular service, organisation, program or service system. When this distinction is confused or blurred there is great potential for performance accountability to become confused.

The distinction is emphasised strongly in the Results Based Accountability approach and is also addressed by good Program Logic approaches. Both recognise that specific services or programs can only ever make a partial contribution towards broad community or population outcomes, or indeed, the medium to long-term outcomes being aimed for. These broader and/or longer term outcomes will always be influenced by many other activities, processes and stakeholders outside the influence of a particular service or program (Friedman 2005; ARACY 2009).

In Tasmania, community wide outcomes have been identified through *Tasmania Together* and include goals such as: "A reasonable lifestyle and standard of living for all Tasmanians; Confident, friendly and safe communities", and; "Vibrant, inclusive and growing communities where people feel valued and connected" (Tasmania Together 2006). Such community wide outcomes will be impacted by a broad sweep of organisations, services and programs, as well as other factors such as social norms and trends, changes in population, and economic and environmental conditions (see Figure 2).

**Figure 2: Population vs Performance outcomes**



Social interventions have both short-term and long-term outcomes. Taking as an example family counselling services, a short-term outcome might be that a family overcomes an immediate crisis. A longer-term outcome could be that the children in that family are well educated and participate constructively in the community. The combination of a whole range of services, including family services and many others, will contribute to achieving a population outcome. For example, family services would be just one of many services contributing toward the Tasmania *Together* goal of “Vibrant, inclusive and growing communities where people feel valued and connected”.

**A note on terminology**

There are a plethora of terms that carry a similar meaning to ‘outcomes’ as used in this report. They include results, objectives, goals, aims and impacts. In particular, ‘results’ is very common in the research and practice literature, and can be used interchangeably with ‘outcomes’.

## Why measure outcomes?

Inputs, activities and outputs are far easier to measure than outcomes, which are generally more intangible and are often subjective. Largely for this reason, many accountability frameworks focus primarily on either input or output reporting, or both. Outcomes measurement and accountability remains difficult to achieve in practice.

Despite its challenges, the ideal of outcome measurement is pursued because it offers to provide both purchasers and providers of services with feedback on whether their interventions (inputs, activities and outputs) are actually making an impact on the lives of clients and communities. Such feedback provides an opportunity to respond flexibly and to modify, revise or abandon activities or strategies that are not shown to be achieving the change desired, as well as providing evidence to either maintain, enhance or expand strategies that are shown to be working well.

### *Inputs and outputs*

With an input/output approach, the data collected and reported leads to a focus on how much is done and compliance with accepted processes, rather than getting direct client feedback to assess whether people have actually been helped to make substantive changes in their lives. As one service provider put it, outputs reporting kept them focused on their “busy-ness” rather than their effectiveness. A review of outcomes-based management in the UN notes that “a critical distinction between outputs and outcomes is that efficiency is associated with the production of outputs, while effectiveness is associated with attainment of outcomes” (United Nations 2008).

There is an old adage that “What gets measured gets done”. Where contracts and accountability are built around outputs, a set of organisational and personal incentives can be created that tend to tie people to “meeting the numbers”. The focus can become centred on whether client or activity quotas are met, with less emphasis, and no real consequences for workers or future funding, on whether clients are really being helped to make desired changes in their lives.

### *Outcomes – are we making a difference?*

Alternatively, systems that make people primarily accountable for outcomes rather than outputs aim to measure and report on client or community change, creating feedback mechanisms and motivation to respond flexibly and innovatively to achieve the outcomes desired. The focus of accountability shifts from measurement of what and how much is being done by the service provider, to measurements of whether this activity is actually helping clients. In a very practical sense, this puts clients in the centre of service planning and evaluation. The fact that the quality of the outcomes of any service will be influenced by the quality of the work done, means that one consequence of a focus on outcomes is that it should also put pressure on services to ensure their work is of high quality and conforming to best practice.

Some of the problems with the current purchaser-provider relationship between government and not-for-profit organisations in Australia highlighted by the Productivity Commission (2009) and the Public Interest Advocacy Centre et al (2009), and agreed with by some of the Tasmanian community service managers interviewed for this project, are that reporting requirements are complex and costly, and there can be overly prescriptive requirements and micro-management by government. One of the hopes and expectations associated with outcome-based accountability frameworks is that the corollary of holding service providers responsible for outcomes is that they are freed from such prescriptive regulation and become more able to respond flexibly to achieve such outcomes. However, an outcomes approach does not necessarily equate with reduced reporting. Compared to input/output reporting, it may be more, due to the effort required to collect client outcomes data, which is usually qualitative. However, as described later, any good outcomes approach should be as simple as possible and keep data collection and paperwork to a minimum.

*Multiple actors and factors*

In any process aiming to achieve population or community outcomes, it is usually clear that achieving them is beyond the capacity of any one service or organisation. For example, the outcome of “All children school-ready” would take the combined efforts of a whole range of services such as healthcare, pre-school education, vocational training for the children’s parents, family support, mental health and community development. Even with a specific service, many client outcomes will be influenced by other actors and factors outside the direct control of the service provider. Making a service accountable for such outcomes will often force them to consider other services or agencies they need to partner with to achieve these outcomes. Hence, such a system can create direct incentives to develop the type of multi-stakeholder, coordinated services called for in modern service plans such as the Tasmanian Community Services Industry Plan 2009-2012 and the Office for the Community Sector’s Strategic Plan 2008-2010.

*The issue of control*

However, a practical dilemma arises when making people accountable for outcomes beyond their immediate control. As noted in the UN review, “With multiple actors and factors exerting an influence upon outcomes, the degree of uncertainty, risk and external influence expands, while the possibility of attributing change to its individual component diminishes” (United Nations 2008 p.11). Managers therefore become uncomfortable with the potential ramifications for organisational funding, as well as their own advancement, associated with outcome accountability, and tend to prefer reporting of activities and outputs which are much more controllable (Freidman 2005; Carlson et al unpublished; United Nations 2008).

Mark Friedman, founder of the Results Based Accountability framework, also addresses this lack of control over outcomes. He stresses that performance accountability will only work in the absence of fear of punishment, and proposes strategies to avoid this and use outcomes measures in constructive ways that share responsibility between stakeholders, including funders (Friedman 2005 & 2009). For many people, disciplined use of outcomes data to improve performance is a new experience that requires new attitudes, skills and systems and will take time to implement effectively (Friedman 2005; Carlson et al unpublished).

Associated with the question of control, and arguably the area with greatest potential to cause confusion with the use of outcomes, is the distinction between population outcomes and the outcomes associated with a particular service, program or service system. It is important to be very clear that any service, program or systems can only ever make *one contribution amongst many* toward population level outcomes – healthy people, safe communities, gainful employment etc.

An individual service can only be held responsible for the outcomes of the specific clients it deals with. For example, a pre-release program within a prison could use the recidivism rate of the inmates that it served as a valid performance indicator. However, it would be both unreasonable and meaningless to use the recidivism rate of the entire prison population as an indicator when many or most of those have not been involved in the program. Such confusion arose among neighbourhood centres in NSW who struggled to measure their contribution to outcomes across their whole community, rather than limiting their measures to outcomes of the clients they directly influenced through specific services (see NSW case study in Appendix B). Population versus performance outcome issues are dealt with extensively in Friedman 2005.

## Does an outcomes approach make a difference?

### Existing approaches to outcomes measurement

There are a number of different approaches or frameworks for measuring and reporting outcomes in use by both community organisations and governments around Australia and internationally. Outlines of the more common approaches are given in the Productivity Commission (2009) and ARACY (2009b). Both these reports state that outcomes measurement is not particularly common among community service organisations and that different organisations use different frameworks. This finding was reflected amongst the Tasmanian community service organisations interviewed for this project.

These frameworks include:

- Cost benefit analysis
- Social return on investment (SROI)
- Social accounting and audit
- 'Structure-processes-outcomes' approach
- Stakeholder Value Management Analysis
- Results-based accountability (RBA)
- Logic models
  - Program or Results Logic
  - Logical framework ('log frame')
  - Realist evaluation

A description of some of the more common approaches is presented in Appendix A.

While the logic and rationale for an outcomes approach has been widely accepted there have been very mixed results in practice.

### The US experience

By the year 2000, outcomes measurement in human services had become the expectation from national to local levels across the United States with a growing emphasis on outcomes measurement, performance outcomes and managing for results (Mullen 2001).

From the 1980's, the US State of Oregon introduced reforms aimed at making State agencies more entrepreneurial, outcome-oriented and adaptable. Over time these reforms have influenced the relationship of the State with funded not-for-profit organisations and led to the introduction of outcome measurements and accountability into funding contracts. Despite initial resistance and genuine problems, over several years both not-for-profits and State and county agencies became more sophisticated in selecting appropriate outcome measures and indicators, and improved many data collection issues. By 2009, a general improvement in the performance of the non-profit organisations as well as their capacity to perform was observed (Carlson et al unpublished).

Data collection issues that arose included disparities in the numbers of clients served in a program and those assessed for outcomes, frequent changes in not-for-profit assessment tools, inter-rater reliability problems, and frequent staff turnover resulting in data gaps and inconsistent methodologies. County and State staff provided technical assistance to not-for-profits to work through these issues and "develop protocols that could be used not only for government reporting, but also for philanthropic requirements and internal program improvements". A database developed by two counties "made it possible for even small not-for-profit organisations with very few employees to generate more accurate and meaningful reports" (Carlson et al unpublished).

However, in an essay reviewing five books examining evaluation, outcomes measurement and social policy in the US from the 1960's to the late 1990's, Roger Lohmann concluded that the ideal of program evaluation had been "utterly incidental and unimportant" in shaping

national social policy over 30 years. This reality ran counter to the belief of the “accountability movement” that measuring social services’ performance and becoming more accountable would transform policy and programs. Lohmann also concluded that “the “normal science” of evaluation research marches forward, cheerfully whistling its own familiar tunes. The question now is whether anyone is really listening” (Lohmann 1999, cited in Mullen 2001 p.5-6). Mullen also stated that a review of the literature showed that little was known about whether outcomes data was being used to develop evidence-based practice guidelines, nor how social workers view the use of such guidelines.

## **United Nations**

In 1997, the United Nations began a reform program that included a goal similar to the current one of DHHS. It was to shift “the focus of planning, budgeting, reporting and oversight from how things are done to what is accomplished”. This led to the introduction of results-based budgeting and management within the UN Secretariat. However, a recent review of this approach found that, “Results-based management at the United Nations has been an administrative chore of little value to accountability and decision-making” (United Nations 2008).

The UN review found that results-based management was operating only at a superficial level, whilst the underlying culture and internal systems of the UN continued to revolve around “how things are done” rather than “what is accomplished”. The main factors behind the failure to produce changes in practice were found to be due to poor implementation, and reflected some inherent difficulties with an outcomes approach such as the level of control over outcomes, and difficulties in identifying and measuring meaningful performance indicators.

The review found that implementation problems included a failure to ensure internal processes such as planning and budgeting were aligned with an outcomes approach:

Orientation towards programmatic results will ultimately only surface as a significant trait of organizational behaviour once such results are actually made to matter. If not connected to underlying incentives, sanctions and rewards, results-based management becomes a paper-making chore.

United Nations 2008 p.21

After four to five years of implementation, whether results were achieved or not had little if any impact on decision-making, budgeting or personal advancement. The UN Secretariat’s programmatic, financial and human resource management systems remained “as complex and detailed as ever, and largely centred on tracking inputs, activities and outputs” rather than outcomes (p.20). The organisation’s culture therefore continued to focus on compliance with rules and regulations felt to be constraining the actions of managers and staff, and threatening to stifle the innovation and flexibility required to achieve the outcomes desired. This was despite the hope expressed by many Secretariat staff (and other proponents of an outcomes approach) that results-based management “should free them from detailed and burdensome regulatory detail, as long as they adhere to appropriate standards of professional conduct” (p 14).

## **The NSW experience**

In August 2005 the NSW Department of Community Services (DoCS) released a new Funding Policy aiming to update and streamline its relationship with the community service organisations they fund. DoCS stated that implementing the new framework would require:

a fundamental shift from a system that focuses largely on inputs, processes, prescriptive accountability mechanisms and largely DoCS-controlled service system design to one that emphasises outcomes, flexibility, and a greater role for providers in service system design.

The underlying framework for the policy was the Results Based Accountability model (Izmir 2007). The changes stemmed from whole of government reforms demanding greater accountability for their expenditure. NSW Treasury is demanding evidence to show the value for money of funding. In the past the focus was on program inputs, outputs and budgets. The focus now is on outcomes - what is funding achieving for clients – and what data can demonstrate this? Treasury mandates the use of Program Logic, another approach to outcomes, by all Departments and this is used internally by DoCS alongside Results Based Accountability to plan and model their own activities and outcomes as a Department and to convey these to Treasury in particular.

The following lessons were taken from interviews with several NSW community service organisation and DoCS managers (see the NSW Case Study in Appendix B):

- Outcomes accountability is new to both community service organisations and government. Both need training and resources to learn how to implement it. Like any new skill, it takes time to learn to use it efficiently and effectively.
- Measuring and reporting service outcomes takes time and effort to implement. The additional costs to organisations need to be accounted for in budgets and funding arrangements.
- Results Based Accountability is a practical and flexible approach to outcomes accountability that works for both government and community service organisations.
- Governments in particular should take care not to mix different approaches to outcomes accountability or the risk is that a hybrid will develop that is more complicated and less practical than any one approach on its own.
- Tools such as standardised templates, when developed in partnership between government and service providers, can help translate the priorities and emphasis of service providers into a language and format compatible with government priorities and requirements.

## Key factors for introducing outcomes in Tasmania

### Learn from national research

The current focus on outcomes in Tasmania comes at a time when there is a sharpened national focus on the role of not-for-profit community organisations in society and the nature of the relationship between governments and these organisations. The Productivity Commission's Draft Research Report on the Contribution of the Not-for-profit Sector released in October 2009 acknowledges that the sector is large and diverse and makes a significant contribution to the Australian economy and community. Amongst its conclusions is that "a nationally agreed measurement and evaluation framework would add significantly to a greater understanding of the outcomes and impacts of the sector and underpin enhanced evaluation within the sector." The report proposes a framework for measuring the outcomes of the sector and community services in particular, and outlines various approaches to outcomes measurement that are currently in use.

The Australian Research Alliance for Children and Youth (ARACY) has also launched a national project aiming to develop a consistent national approach to measuring the outcomes of community organisations. ARACY released a background paper (ARACY 2009a) and then commissioned KPMG to prepare a paper exploring international and Australian outcome frameworks and evidence of their effectiveness; current practices and key lessons in measuring outcomes; and systemic and organisational barriers, levers and drivers for change with recommended actions to progress the use of an outcomes framework for improving community wellbeing (ARACY 2009b).

While DHHS is committed to outcomes measurement and accountability, it does not have a standard approach to outcomes or to identifying meaningful performance indicators and is searching for practical means to implement this. Outcomes based measures are also new to most Tasmanian community service organisations. All parties realise there are substantial difficulties in finding meaningful performance measures for complex, long-term interventions as are common in many community service programs.

Any attempt in Tasmania to change the reporting requirements and other contractual obligations of funded community service organisations also needs to consider the broader findings of the Productivity Commission that called for smarter regulation of the sector to remove impediments and free the sector up to use more of its resources on providing services. The Commission made the following findings:

- The current regulatory framework does not serve the sector well: - regulatory reporting can be disproportionate, complex and costly.
- Governments have sought to increase accountability in relation to direct funding, (grants and purchasing arrangements) to ensure agreed outcomes are being met. However, with some exceptions, reporting requirements associated with grants have become disproportionately more onerous without commensurate benefit.
- Many small organisations report increased compliance costs and administrative burdens, and reductions in red tape should be rigorously pursued.
- Overly prescriptive requirements, increased micro management and inappropriately short contract terms have undermined the efficiency and effectiveness of some of these [purchaser-provider] arrangements."

Productivity Commission 2009 p.xxii, xxiii

Similar findings were made in a review of the relationship between government and not-for-profits that specifically looked at the nature of the service purchase agreements and contracts between the two. The Public Interest Advocacy Centre et al (2009) found that the power in the contractual relationship is one-sided and the impact of these contracts extends beyond defining the terms and conditions of the purchase of services and has many negative effects on the operation and culture of the not-for-profit party in particular. They propose a set of common principles for contracts and contracted service delivery programs which aim to shift

the relationship between the two parties towards greater trust, mutual respect, support and collaboration.

## **Implement a consistent measurement framework**

The two recent reports addressing the outcomes of community organisations in Australia, ARACY 2009a and b and Productivity Commission 2009, both acknowledge the challenges of measuring the contribution of the community sector. These include:

...the expense of undertaking measurement, the difficulty of measuring intangible contributions and producing comparable results, and the possibility that measurement may encourage organisations to focus on activities which are easier to measure rather than those which deliver the greatest social benefit.

Productivity Commission 2009, p.3.4

Both reports advocate for a consistent approach to the measuring of outcomes across the nation. ARACY 2009a provides a clear rationale for an agreed, consistent framework:

While any one community organisation or government agency may apply their own definitions, measures and collect data for monitoring, if such efforts occur in the absence of an agreed framework, then it is not possible to aggregated or compare the contributions of organisations across public, not for profit, philanthropic or business sectors.

Using a different framework for outcome measurement is likely to be inefficient (through the risk of adding to existing reporting requirements of community organisations) as well as ineffective (through inappropriate measurement).

An agreed framework for the measurement of outcomes is necessary for ensuring that we have a good understanding of the contribution that community organisations make to... wellbeing.

ARACY 2009a, p.1

The Productivity Commission sees the following benefits of a consistent framework:

A common agreed framework for measuring the contribution of not-for-profits can enhance the value of the statistics collected by providing a coherent picture of the sector. It enables the use of statistics from different sources to provide a more comprehensive approach to measurement. In addition, it allows gaps, inconsistencies and duplication to be more readily identified and provides a basis for standardisation of some measures.

Productivity Commission 2009, p.3.4

In the absence of an agreed national framework at present, the arguments for a consistent approach still hold at the State level, and there would be clear benefits to DHHS adopting a standard approach across all its program areas. However, this needs careful management to avoid a conflict between the approach taken in Tasmania and a common national framework if one does eventuate.

## **Recognise and address critical barriers**

There are a number of barriers that make it difficult to design and implement effective outcomes-based performance accountability systems for community services. Some of these include:

- Organisational diversity – organisations have varying levels of skill, resources and infrastructure.
  - one size does not fit all.

- different organisations currently use differing approaches which they have developed skills, systems and infrastructure to support. Different approaches make comparisons difficult.
- Outcomes for community, social or health services are influenced by multiple factors, programs and organisations and develop over a long period. Therefore they are inherently hard to measure and it is challenging to develop practical and appropriate performance indicators.
- Few community service or government staff have a sound understanding or skills in using outcomes measurement.
- The existing culture of many community service workers and organisations is arguably not conducive to a data-based outcomes measurement and reporting framework. While many organisations do collect and report a good deal of information and are in fact mired in bureaucratic red-tape (Productivity Commission 2009) this situation does not sit comfortably with staff, many of whom feel frustration and resentment due to this compliance and regulation burden. Often measurement in general, let alone outcomes measurement, is not embedded in their day-to-day practice and management (ARACY 2009b; Friedman 2005).
- There will be differing data needs across different programs.
- Data collection, aggregation, analysis and reporting is expensive for both providers and funders – it competes with demands for direct service provision to the public.
- From time to time, funders have a desire to generate data for specific causes. Such specific requests can have a serious impact on service providers (TasCOSS 2009b).

## Keep the approach practical

A number of reviews of evaluation and performance measurement of social interventions share a view that many, if not most, efforts in this area are not useful and serve neither funders, services nor clients (Mullen 2001; Kramer 2008; Conner Snibbe 2006; Friedman 2005; ARACY 2009). However, there is some consensus about approaches that do work for not-for-profit social services.

- **Forward looking with a focus on service improvement** – provides useful feedback that allows services to adapt and improve. The first user of evaluation or performance monitoring data should be the service provider themselves.
- **Simple and pragmatic** – often simple evaluations are the most practical. Even though the conclusions that can be drawn from them may not be as reliable as desired in an ideal world, their practicality makes them more useful and acceptable, and also keeps more resources available for service delivery.
- **Timely** – to be useful, data must not only be analysed, it also needs to be reported back to service providers in time for them to act on it. There are a large number of one-off projects that are funded and not continued – regardless of any assessment of their effectiveness – and this leads to a high staff turnover in many organisations. Taking these two factors into consideration amplifies the necessity to provide feedback during the life of a program if it is to have a significant impact on improving service delivery and ultimately, client outcomes (Kramer 2008; Connor Snibbe 2006; Friedman 2005).
- **Keep data required to a minimum** – expecting too much data, or overly complex data, makes performance monitoring and evaluation more expensive as well as increasing problems with data collection and reporting. This can lead to either unreliable data or failure to collect data. For example, over a two year period in the UN, only 56 per cent of planned observations against indicators of achievement had been done (United nations 2008). Data should not be collected unless there is a clear understanding of how it will be used. Data that is collected but not used wastes resources as well as breeding cynicism and animosity in those asked to collect and report it.

## CSOs have to own the outcomes agenda

The KPMG report for ARACY on measurement of the outcomes of community organisations examined the performance measurement approaches in community organisations across Australia. It found some common features of effective frameworks in terms of their development, implementation and operation:

**Organisational alignment.** Effective performance measurement frameworks are aligned to the context, environment, goals, systems and purpose of the organisation. They also align with the outcomes sought by funders and stakeholders.

**Organisational and stakeholder acceptance.** Performance measurement frameworks need to be understood and accepted by key stakeholders, including management, staff and funders. They should be credible, have management 'buy in' and be tested and understood by those who will be using them.

**Organisational integration.** Appropriate and effective performance measurement frameworks are integrated with the structure of the organisation, compatible to organisational data collection, recording and reporting processes and are relevant to the way practitioners operate 'on the ground'.

**Outcomes focus.** Effective performance measurement frameworks should have an outcomes focus, and enable a practical approach to outcome measurement which considers resource availability and management.

ARACY 2009b p.viii

## Conclusions

### An outcomes approach has real benefits

- **There are significant benefits to an outcomes-based approach to performance management and accountability.** Outcomes-based approaches can assess the *effectiveness* of a service, program or service system in producing real change. In contrast, input or output-based approaches can only assess *efficiency* by measuring the level and quality of activity undertaken.
- **Outcome-based approaches force service providers and funders to put clients in the centre of service planning and evaluation,** by using feedback from them to assess whether services and other initiatives are actually making an impact on the lives of those they are aimed at.

### Implementation is difficult and must be resourced

- **Outcomes accountability is hard to implement.** If done poorly, a systemic move to an outcomes-based accountability framework can add to red-tape and beauracracy without actually contributing to client and community outcomes.
- **Outcomes for community, social or health services are inherently hard to measure and it is challenging to develop practical and appropriate performance indicators.** This is because they are influenced by multiple programs, organisations and other factors, and develop over a long period.
- **Outcomes measurement and accountability must firstly be practical and meaningful for community service organisations.** It must help them to improve their own services.
  - This is a key factor enabling funded services to produce reliable data which is essential to allow government or other funders efforts to aggregate outcomes data to assess broader progress.
- **Both community service organisations and government need to build their knowledge and skills** in relation to outcomes and performance indicators. **This will require investment in education, training and development of resources and templates.**
- **Moving to outcomes-based management requires a culture change** in both community service organisations and government. This change involves shifting from a focus on *how much* a service does, to also include *how well* it does it and more importantly, *whether it is making a difference*.
- **Measuring and reporting outcomes will require additional resources** from community service organisations compared to measuring outputs. This additional cost needs to be funded or service delivery will suffer.
- **Government needs to consider all stakeholders in developing a performance monitoring system** – this includes community service organisations, government program managers, and Treasury.
- Despite current initiatives to develop a consistent national approach to outcomes measurement, **approaches of different governments and other funders are highly likely to be variable and to change over time.** Community service organisations therefore need to develop their knowledge and skill base so they understand the key principles behind a performance management system that works for them, so they can adapt to changing requirements of funders without losing usefulness for them.

## Characteristics of a practical outcomes framework

Based on this research, a performance measurement and reporting system that works for community service organisations and government, and can help deliver genuine improvements in the quality of life of clients and communities should meet the following criteria:

- **Forward looking with a focus on service improvement** – providing useful feedback that allows services to adapt and improve. The first user of evaluation or performance monitoring data should be the service provider themselves.
- **Simple and pragmatic, but rigorous** – the framework used should be as simple as possible, as well as practical. It should involve the minimum of paperwork. However its use should also encourage rigour in planning, data collection and evaluation.
- **Keep data required to a minimum** – expecting too much data, or overly complex data, makes performance monitoring and evaluation more expensive as well as increasing problems with data collection and reporting. This can divert resources from service delivery, as well as leading to either unreliable data or failure to collect data.
- **Usable by a broad range of organisations** - can be used, or adapted for use, by any type of organisation within the sector (including those that lack the resources to undertake comprehensive measurement or evaluation).
- **Timely feedback** – to be useful, data must not only be analysed, it also needs to be reported back to service providers in time for them to act on it. Feedback needs to be provided during the life of a program if it is to have a significant impact on improving service delivery and ultimately, client outcomes.
- **Allows data aggregation** - provides a means of aggregating data on the sector as well as allowing for comparisons.
- **Allows comparisons between organisations** - is sufficiently rigorous to enable meaningful comparisons to be made between organisations within the sector (and with organisations in other sectors).
- **Outcomes focus** – should have an outcomes focus, and enable a practical approach to outcome measurement which considers resource availability and management.
- **Distinguishes population from performance outcomes** - there should be a clear distinction between population outcomes and performance outcomes for services, programs or service systems to ensure that services, programs or service systems are not held accountable for broad population outcomes beyond their control.

In addition, it is highly desirable that a **consistent framework is agreed to nationally**. This would not only allow for data aggregation, it would also reduce some of the reporting burden experienced by organisations that need to report to multiple funding providers that currently have inconsistent measurement and reporting frameworks.

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## Appendix A: Summary of outcome framework approaches

(taken from ARACY 2009b p.50-54)

Approach	Key elements	Details/focus	Application	Example
Input and output focused approaches	<p>Consider the relationship between inputs, outputs and outcomes.</p> <p>Process focused frameworks. Discuss outcomes but focus on the efficiency of inputs and outputs and provide little information about outcomes themselves.</p>	<p>Assumption that performing outputs will lead to outcome achievement.</p> <p>Often do not describe/specify the evidence base.</p> <p>Often focus on financial or numerical factors.</p>	<p>Commonly used in the community sector.</p> <p>Often followed as a requirement ie in 'purchaser-provider' relationships.</p> <p>May be a favoured approach due to relative ease of measuring inputs and outputs rather than outcomes.</p>	<p>The 'value for money approach' assumes the delivery of specific outputs, related to quality, quantity and price, will lead to the achievement of specific outcomes.<sup>157</sup></p> <p>The Victorian Government's Departmental Funding Model involves agencies being responsible for ensuring the delivery of agreed services (outputs) within the government's required parameters.<sup>158</sup></p>
'Objective-focused' Frameworks	<p>Align performance measurement with organisational objectives, values or principles.</p> <p>Relate outcomes to, or develop outcomes in line with, achievement of objectives.</p> <p>Focus is on outcomes and processes for achieving them.</p> <p>'Objectives' is often another way of describing system level outcomes.</p>	<p>Achievement of objectives is the focus.</p> <p>Achieving outcomes or 'goals' is one way in which objectives can be met.</p> <p>Objectives are usually 'qualitative'.</p> <p>Outcomes may be organised into levels (ie program level, community level).</p> <p>Often no apparent evidence base links outcomes to objectives.</p>	<p>Currently widely used in the community sector and related sectors ie health.</p> <p>Achieving 'good' may lead to a focus on broad objectives (as opposed to a focus on outcomes).</p> <p>Aims: organisational improvement and community wide impact.</p>	<p>The Strategic Management Model involves the development of goals which are based on client needs. Ability to meet goals is basis for performance measurement.</p> <p>Proposed Conceptual Framework for Performance Assessment in Health Care links intermediate patient health outcomes to objectives for the primary health care system as a whole.<sup>159</sup></p>

Making a Difference - outcomes, performance and accountability

Approach	Key elements	Details/focus	Application	Example
Social Return on Investment (SROI) Frameworks	<p>A method for measuring and giving value to non-financial factors, to enable a comparison with financial costs or investments.</p> <p>A ratio of benefits (non-financial factors) and costs (financial investment) is calculated.</p>	<p>The cost of achieving benefits (outcomes and impacts) is the focus.</p> <p>A financial proxy value is assigned to outcomes and impacts (such as improvement and change).</p> <p>Aim—to enable measurement and comparison of social or ‘qualitative’ factors, to ‘quantitative’ factors.</p>	<p>Used by COs internationally. Use in Australia is limited.</p> <p>Limited value for facilitating individual and community wide improvements—rather, SROI focuses attention on cost savings and better resource management.</p>	<p>SROI is used in the UK by their Office for the Third Sector and in a range of sectors in Australia</p>
‘Structure–Processes–Outcomes’ Approach	<p>Considers the relationships between structures (inputs), processes (outputs) and outcomes.</p> <p>Recognises the interrelation of these factors, and their combined impact.</p> <p>Similar to input output approaches but focused on process and outcomes.</p> <p>Considers environmental factors, context and the interrelation of factors in outcome achievement. Not a ‘black box thinking’ approach.</p>	<p>The focus is on outcomes, but the effect of structures and processes on outcome achievement is recognised.</p> <p>Recognises the nature of the outcome (ie short term versus long term), the relevance of the outcome, whether the outcome can be measured, factors influencing outcome achievement and the consequences of not taking action on achieving outcomes.</p>	<p>Developed by Donabedian for measuring the quality of health care, this framework has been widely adopted in health care, community and other organisational settings.</p> <p>Recently similar thinking can be seen in program logic approaches to performance measurement.</p>	<p>Donabedian’s Framework for measuring quality in health care. The Proposed Conceptual Framework for Performance Assessment in Health Care is based on Donabedian’s model.</p>

Making a Difference - outcomes, performance and accountability

<b>Approach</b>	<b>Key elements</b>	<b>Details/focus</b>	<b>Application</b>	<b>Example</b>
Results Based Accountability Approach	<p>Assists users in planning interventions, designing realistic and achievable goals and outcomes to be achieved, implementing clear strategies in line with these, and setting indicators or benchmarks against which to measure success.</p> <p>Takes a forward looking approach to measurement and evaluation.</p> <p>Process involves:</p> <ul style="list-style-type: none"> <li>• Identifying a desired result (goal or outcome) which is stated plainly and clearly.</li> <li>• Identifying an indicator that represents progress on the result, and the performance measures used to assess progress against this indicator.</li> <li>• Outlining the strategy or actions that are likely to lead to achieving the result(s), which should be based on evidence linking specific activities/interventions with desired goals and outcomes.</li> </ul>	<p>Goals and outcomes—both of which are considered in deciding 'results' to be achieved.</p> <p>Indicators or benchmarks against which success is measured.</p> <p>Measurement at the population or community level and the performance or program level.</p>	<p>Applied in the government sector.</p> <p>Applied in the community sector by both large and small COs.</p>	<p>NSW Department of Community Services<sup>163</sup></p> <p>NSW FamS<sup>164</sup></p> <p>NSW Local Community Services Association (LCSA)<sup>165</sup></p> <p>The Smith Family<sup>166</sup></p>

Making a Difference - outcomes, performance and accountability

Approach	Key elements	Details/focus	Application	Example
Program logic approaches	<p>Development of a program logic involves (for each outcome) identifying:</p> <ul style="list-style-type: none"> <li>• what success would look like</li> <li>• factors that influence outcome achievement and the extent to which these can be influenced</li> <li>• activities (current and potential) intended to contribute to outcome achievement</li> <li>• the type of information that is needed (and currently available) to measure outcomes.</li> </ul> <p>Takes a forward looking approach to measurement and evaluation.</p>	<p>Focus is on the factors that lead to the achievement of outcomes. Often an evidence based approach to outcome measurement ie research shows a specific activity is likely to lead to achievement of outcomes. Recognition that outcomes can be intended and unintended, and that a range of factors influence outcome achievement. Outcomes organised into a hierarchy of levels, and the nature of outcomes is recognised.</p>	<p>Australian and international COs use program logic approaches widely across their organisations<sup>168</sup>. Also used by government, health and private sectors. May be used to varying degrees of robustness depending on the program or issue of focus and the organisation.</p>	<p>The Productivity Commission's Framework For Reporting on Indigenous Disadvantage is a program logic framework used to address the complex social issue of Indigenous disadvantage<sup>169</sup>.</p>
Logical Framework Approach	<p>Suitable for use by COs and in a range of environments.</p>	<p>Focus on outcome achievement and achievement of community level objectives. Research evidence links are used. Program/project activities are designed to achieve outcomes. Identifies a 'means to an end' for outcome achievement.</p>	<p>Suitable for use by COs and in a range of environments.</p>	<p>Used by AusAID to design, implement and evaluate Australian aid activities and programs. Used by Australian COs to ensure the effectiveness and appropriateness of their programs prior to wide program rollout.</p>

<b>Approach</b>	<b>Key elements</b>	<b>Details/focus</b>	<b>Application</b>	<b>Example</b>
Results Framework Approach	<p>Similar to the 'logframe' approach, but additionally considers the contribution of a program in associating with the contribution of other partners (COs, the government)—the 'big picture' approach.</p> <p>Similar to the 'logframe' approach, but additionally considers the contribution of a program in associating with the contribution of other partners (COs, the government)—the 'big picture' approach.</p>	<p>Again, focus on measuring outcome achievement and achievement of broad objectives.</p> <p>Evidence based links are used.</p> <p>Identifies a 'means to an end' for outcome and objective achievement in the context of the 'big picture'.</p>	<p>As above—but applicable to social issues impacting across a range of portfolios, due to its 'big picture' perspective.</p>	<p>Used by AusAID to design, implement and evaluate Australian aid activities and programs<sup>172</sup>.</p>
Realist Evaluation Approach	<p>Describes the logical evidence based relationship between activities, outcomes and objectives in the context of 'what works for who and when, and in which circumstances?'</p>	<p>Focuses on measuring outcome achievement, while giving consideration to the contextual factors that may influence this.</p> <p>Recognises that the achievement of outcomes, and therefore outcome measurement, should account for variation in environment, context and individual factors.</p>	<p>Realist evaluation approaches are being adopted by the community and other sectors (including by researchers)<sup>173</sup>.</p> <p>Suitable for use by COs because this approach can account for variation in clients, target groups of clients, organisations and programs.</p>	<p>Information on realist evaluation approaches sourced from: Ray Pawson and Nick Tilley (1997). <i>Realistic Evaluation</i>, Sage Publications.</p>

## Appendix B: Case Study: Results Based Accountability in NSW

In August 2005 the NSW Department of Community Services (DoCS) released a new Funding Policy aiming to update and streamline its relationship with the community service organisations they fund. The vision for the funding program is to “achieve the best client outcomes with the available funding, through rewarding enhanced performance and better sharing of responsibility for managing service delivery and service risks with service providers.” The underlying framework for the policy was the Results Based Accountability (RBA) model developed by Mark Friedman (Izmir 2007).

The Policy states that implementing the new framework will require:

a fundamental shift from a system that focuses largely on inputs, processes, prescriptive accountability mechanisms and largely DoCS-controlled service system design to one that emphasises outcomes, flexibility, and a greater role for providers in service system design.

[...the Policy needs] to be underpinned by sound performance-based contracting arrangements, simple but effective performance monitoring systems, and improved documentation and analysis of trend data”

DoCS 2005 p5

As well as using RBA to shape its funding framework, DoCS also supported community service organisations to adopt the RBA model. A pilot program provided funding to the peak bodies within two program areas – family services and local community services – to support member organisations to learn and implement RBA over a three year period. Initially DoCS imposed the use of RBA on the two peaks, NSW Family Services (FamS) and the Local Community Services Association (LCSA). After nearly three years of trials, setbacks and persistence, both organisations are now active champions for the RBA model and a growing number of their members are actively using it. However, both criticise aspects of how it has been used by DoCS.

Sue Richards, CEO of NSW Family Services, attributes many positive changes in work practice to the use of RBA. These include:

- Reporting is more rigorous and data based, and more meaningful because it has moved from reporting on “busy-ness” to illuminating impact on clients.
- Staff routinely consider who their partners are in achieving their intended outcomes and more actively engage with them
- Staff are more focused on the quality of their work. “The biggest gift RBA has given us is that our staff all ask “How do we do our work in a quality way, and what will tell us that we have?”
- Strategic planning has become clearer and more engaged. People are investigating the causes behind issues more deeply, providing greater clarity on both causes and solutions to problems. This results in greater commitment to agreed workplans.
- Evaluation has become embedded into organisational culture. Workplans are developed with evaluation measures, and while new ideas still abound, they are closely followed by discussion on what information would allow staff to know if a new strategy was effective. Analysis and feedback on several aspects of the work of NSW Family Services has led to changes in service delivery and significant improvements in member satisfaction. The receipt of client feedback both challenges and motivates staff.

Sue has had 30 years experience in community services and believes RBA is the most significant new approach she has seen in that time. “RBA will keep good people working longer and better in community services.”

LCSA EO, Brian Smith, believes there is an inexorable tide demanding outcomes accountability and that community service organisations must learn to swim with it rather than fight against it. Brian stresses that the measurement of outcomes requires considerable work and must be adequately funded by government and other funding bodies.

In Brian's view, RBA compares favourably to other possible approaches to outcomes measurement and reporting. He sees it as simple, practical, more in tune with the real world, and flexible. However, he says that while RBA is simple in concept it is not simple in practice – particularly in the learning phase. He believes funders need to support organisations to build capacity to learn and adopt RBA (or any other outcomes accountability approach) as well as fund them to do the extra work needed to implement outcomes accountability.

The experience of LCSA and its members with RBA was analysed in a conversation between Brian Smith and Sandra Handley, LCSA's results Accountability Project Manager, and Mark Friedman, creator of RBA, recounted in the Autumn 2008 edition of their newsletter, *LOCAL*. Thirteen Neighbourhood Centres had been involved in LCSA's RBA Pilot project for 18 months and "were frustrated and concerned that the core business of neighbourhood centres might be too broad and complicated for Results Accountability". They were also concerned that DoCS was mixing RBA with the Program Logic approach mandated by NSW Treasury and used internally by DoCS to plan and model their own activities and outcomes as a Department and to convey these to Treasury in particular. This mixing was creating a hybrid framework that was more complicated and impractical than either RBA or Program Logic in isolation.

The conversation concluded that some of the key principles of RBA had indeed become confused. For example, Neighbourhood Centres were struggling to measure the contribution of their services to the outcomes of the community as a whole, whereas RBA stresses that whole community outcomes are influenced by a wide range of agents and factors and that individual organisations can only be accountable for the clients they directly influence through specific services.

Following this conversation, LCSA revised its approach to RBA and now follows the Friedman model more closely. An important initiative they have undertaken is to develop templates for performance accountability for Neighbourhood Centres funded by DoCS. These templates translate the activities and outcomes of Centres into categories that fit the outcomes identified within the Program Logic of DoCS Community Services Grants Program. At times DoCS priorities do not appear to align with those of Neighbourhood Centres. Partly this is due to differences in language and emphasis. The templates affirm the range of activities undertaken by Centres and demonstrate a clear alignment with DoCS priorities. Brian Smith reports that DoCS see the templates as a model for how other grant recipients could report outcomes.

DoCS staff interviewed for this research agreed that there has been a general shift within government demanding greater accountability for their expenditure. NSW Treasury is demanding evidence to show the value for money of funding. In the past the focus was on program inputs, outputs and budgets. The focus now is on outcomes - what is funding achieving for clients – and what data can demonstrate this? This has been a big change.

The expectation that DoCS be accountable for the outcomes of the taxes they spend, inevitably leads to their requirement that the NGOs they fund be accountable for outcomes. Budgetary allocations within DoCS are increasingly driven by a Program Logic model that aims to identify the policy goals of particular programs and uses research to identify the types of activities that can help achieve these goals and hence are appropriate to fund. DoCS then seeks feedback from funded services to gauge and analyse their outcomes.

RBA is being used to shape the performance accountability framework funded services are required to report against, although this appears to be happening in some program areas more than others. While many service providers are not using RBA consciously, their funding agreements require them to use it in practice, providing data on the three basic performance measures used within RBA – how much was done; how well was it done; and is anyone better off?

DoCS admits the service system is currently fragmented and many grants are based on historical precedent rather than a rational decision based on desired outcomes or what has been shown to be effective. However, they have a clear intention to transform the system over time and program by program. The political and practical ramifications of starting everything from a clean slate are judged to be insurmountable. Over time, they seek to gather data allowing them to analyse the effectiveness of programs and to validate and/or refine their internal logic models.

The experience of NSW with RBA reflects the fact that a rigorous, data-based approach to outcomes accountability is a new experience for both NGOs and government and the learning curve is steep. This point was emphasised again and again by speakers and participants in an RBA conference held in Sydney in December 2009. The experience of people at the conference from both NSW and overseas who had used RBA over several years was that an outcomes outlook requires a change in mindset and culture that takes a few years of experimenting and learning to eventuate, as well as rigour, effort and persistence to practice.

Those interviewed for this research as well as practitioners attending the 2009 conference all agreed that RBA offers a practical and flexible approach to outcomes accountability and that the logic underpinning it is inherently sensible.

**Lessons from NSW:**

- Measuring and reporting service outcomes takes time and effort to implement. The additional costs to organisations needs to be accounted for in budgets and funding arrangements.
- Outcomes accountability is new to both NGOs and government. Both need training and resources to learn how to implement it. Like any new skill, it takes time to learn to use it efficiently and effectively.
- RBA is a practical and flexible approach to outcomes accountability.
- Governments in particular should take care not to mix different approaches to outcomes accountability or the risk is that a hybrid will develop that is more complicated and less practical than any one approach on its own.
- Tools such as standardised templates, when developed in partnership between government and service providers, can help translate the priorities and emphasis of service providers into a language and format compatible with government priorities and requirements.

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Managers of community service organisations

- Sue Richards, CEO, NSW Family Services
- Brian Smith, EO, Local Community Services Association

Staff of the Department of Community Services

- Maria Visotina, Director, Community Programs, Communities and Early Years
- Deirdre Young, Manager, Community Program Support, Communities and Early Years
- Karen Mahony, A/Principal Program Officer, Program Reporting, Communities and Early Years
- Phillip Fowler, Manager, Family and Community Programs

## **Appendix C: Interstate stakeholders - Interview schedule**

### **Aims:**

- Document what's been done interstate
- Document lessons from interstate experience
  - Pros and cons of outcomes based contracts and evaluation
  - What makes it work
  - What could have been better
- Document feedback on Mark Friedman's Results Based Accountability model – is it worthwhile considering for Tasmania?
  - Pros and cons
  - Experience with implementing RBA
  - Lessons learned

### **Questions:**

#### **Experience with outcomes contracting and reporting**

- What has been done in your state?
- Advantages of an outcomes based approach
- Disadvantages or issues with an outcomes based approach

#### **Results Based Accountability – Mark Friedman model**

- Pros
- Cons
- Experience with implementing
  - What was put in place that helped organisations and government with implementing an outcomes approach?
  - What could have been done better?
- Do organisations use the info they collect and report to improve their own services?
- Lessons learned

#### **Tasmanian context**

- What would you recommend to the Tas DHHS and community service organisations wishing to develop a practical system that delivers program improvement and accountability?