

2023-24 Project Evaluation

The 2023-2024 Project is the start-up phase of a System Reform process implemented through the Sector Sustainability Program 2023-2028.

The 2023-2024 Project is the start-up phase of a Human Services System Reform process implemented through the Sector Sustainability Program 2023-2028.

The Sector Sustainability Program is part of the [ACT Governments response to the Counting the Costs Report](#) that outlined the rising demand and rising cost across the community sector but noted that a simple increase in funding alone would not result in a more sustainable sector.

The Sector Sustainability Program will see the ACT Government and the community sector partner together to make sure funding adequately reflects the real cost of services, as well as the impact of increased demand.

The Sector Sustainability Program is a new program and the first in a series of steps the ACT Government will take on moving to a sustainable resourcing and relationship model with the community sector in the ACT.

Commissioning the Sector Sustainability Program is our opportunity – both government and the sector - to understand how and where the funding needs to be directed for a more sustainable sector.

Objectives of the 2023-2024 Project are to:

1. Implement recommendations that Community Sector and ACT Government agreed would improve the sustainability of NFP delivered human services
2. Provide advice (policy and budget) on activity and investment needed in 2025-2028 to further progress sustainability of the partnership between NGOs and the ACT Government

The Sector Sustainability Program is one component of the Human Services Reform Agenda 2020-2030. [Attachment A](#) shows alignment of 2023-2024 activities with the broader Reform Agenda.

Strategic Guidance from the Workshop Participants

It is critical to focus on the primary sources of information – people in decision-making and implementation roles in NGOs and in ACT Government

Balance collecting targeted (quantitative) and rich (qualitative) data

Need to apply a systems change lens – there are limits in using a 2-dimensional Program Logic when the change process requires multiple people/organisations to contribute to change process, when some factors are implicit and less visible and when there are intersecting factors - many of which are not directly controlled by the Project - that influence change processes and outcomes.



Using a systems change framework for evaluation provides both a clear structure for the evaluation and will help stakeholders understand what types of change the actions implemented during the Project need to be targeting and where to look for changes over time.

Need to ensure the Evaluation Plan is clear about the scope of control and influence of the Project to deliver on its objectives - recognise hard boundaries eg decision-making outside control of Project, and shared responsibility across ACT Gov and NGOs for implementing changes.

It is critical that the Project does not lose sight of the ultimate objective which is that measures to improve sector sustainability contribute to improved outcomes for people who access services and for communities who face adversity, deprivation and exclusion - This requires ongoing cross checking that evaluation maintains line of sight to service user outcomes and social purpose.

To ensure feasibility and legitimacy of evaluation, need to pinpoint key questions to ask - focus on quality of relationships and sharing of power.

The Evaluation Plan should provide opportunity to resource the “deeper dive” into the sustainability of the partnership between NGOs and the ACT Government - this deeper dive will enable scrutiny of barriers to change and inform decisions about the ‘reasonable next steps’ in investing in sector sustainability.

Theoretical Frameworks Guiding Evaluation

[Momentum for Change: Ending the Nonprofit Starvation Cycle \(bridgespan.org\)](https://bridgespan.org)

The sustainability of the partnership between ACT Government and NGOs to deliver human services in the ACT is being compromised by the Non Profit Starvation Cycle:

- Funders and public expect NFPs to have low indirect costs of service delivery (known as overheads/corporate costs/administration costs)
- NFPs under-allocate, under-report and cross-subsidise indirect costs
- Funders don't understand or pay for full cost recovery of partner organisation indirect costs

The Starvation Cycle creates a destabilising trend of under-investment in organisation infrastructure (Human Resources, Information and Communications Technology, Fund-raising/Business development, Safe-guarding of staff, people who access services and organisation, Premises) and leads to reduced liquidity, capacity and infrastructure; failure to adapt and innovate; lack of resilience and inability to meet demand.

Over time, the Starvation Cycle increase costs to the service system (eg unable to automate processes through use of ICT, so continue to use higher cost methods such as manual production and assessment of reports) and decrease return on investment to Government (lack of retention of staff reduces value add from experienced staff).

Questions 3, 4, 5 and 6 seek information from NGOs and ACT Government funding managers to evaluation whether during 2023-2024 the negative impacts of the



Starvation Cycle are being reduced and whether the risks of under-investment identified in the CTC Recommendations have been addressed.

[The-Water-of-Systems-Change_rc.pdf \(fsg.org\)](#)

- Systems change is about advancing equity by shifting the conditions that hold a problem in place.
- To fully embrace systems change, funders should be prepared to see how their own ways of thinking and acting must change as well.
- Shifts in system conditions are more likely to be sustained when working at three different levels of change: explicit, semi-explicit, and implicit.

ACT Government and NGO leaders needs to shift their perspective, change its narrative and share power: “the mental models that individuals hold can create implicit biases through which they interpret and make sense of other people, ideas, and events. Historically, those who are in power have shaped the mental models of their constituents. Therefore, changing mental models often means challenging power structures that have defined, influenced, and shaped those mental models historically and in the present. Because the powers that be are often advantaged in defining the public narrative (i.e., history is written by the winners), this reinforces their power and the status quo.” (p11)

Both ACT Government and NGOs need to work inside their organisations and with each other to change the conditions in which human services are delivered: “bringing attention to shifting the power dynamics at play, identifying where people are connected or disconnected from others who must be part of the solution, exposing the mental models that inhibit success in policy change, and investigating the ways in which ... [government and NGO] .. internal conditions help or hinder external aspirations” (p18)

Definitions

Explicit level of change:

- Policies include both formal and informal rules, regulations and priorities
- Practices include organisational and practitioner activities focused on addressing priorities for change and making progress towards the change being achieved
- Resource Flows covers how money, people, knowledge and information are allocated and distributed

Semi Implicit level of change:

- Relationships and Connections refers to the quality of communication and connections between people who are actors in the system
- Power Dynamics covers knowing which individuals and organisations hold formal and informal decision-making power, authority and influence

Implicit level of change:

- Mental Models which are deeply held beliefs and assumptions that influence actions

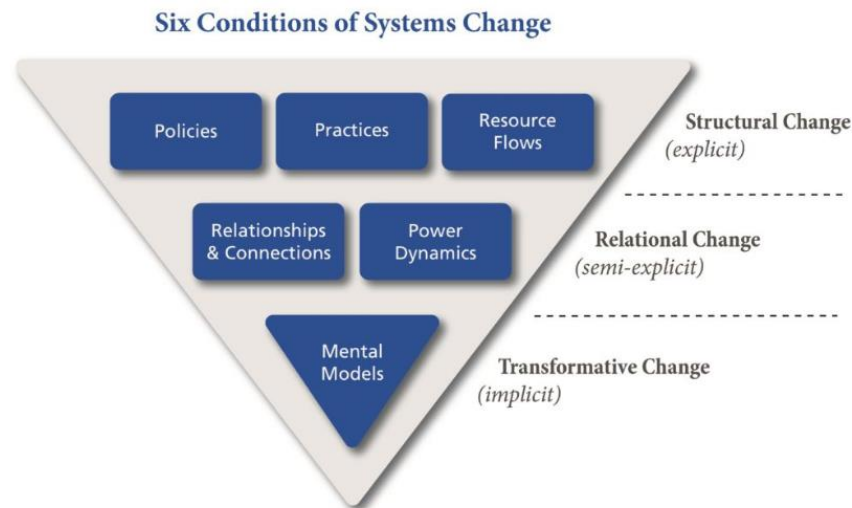


Our Theory of Change:

IF we facilitate a shift in the mindset, relationships, connections and power dynamics between the ACT Government and NGO partners in the delivery of human services

THEN a sustainable resourcing and relationship model for the community sector will ensure individuals, families and the community will receive the services and support that meet their needs

BECAUSE there have been structural changes in policies, practices and resource flows, that will counteract the Starvation Cycle and progress the recommendations in the Counting the Costs report



Recommendations from Counting the Costs focus on structural change. **Policy and Budget advice** will also influence policies, practices and resource flows

Tools/Resources developed and Engagement activities (**consultations and communications**) in 2023-2024 will create opportunities for NGO and ACT Gov staff to **reset the narrative and their relationships** - share responsibility for developing diverse, vibrant and sustainable sector

Current state: ACT Gov is Decision-maker and NGOs are Stakeholders who don't control conditions in which they operate which leads to a mindset oriented to attributing blame rather than a problem-solving mindset
Preferred state: Both partners use their authority and expertise to **shift human services in ACT out of Starvation Cycle/Scarcity/Blaming Mindset**



Monitoring and Evaluation Data Collection

Evaluation Activities will collect the following information to monitor progress and evaluate outcomes:

- Formative Evaluation - *What is working? What should change during implementation (focus area, method, timing)? What is missing from the project/program (activity, information, engagement)? What are the enabling factors and barriers? (in sector, in government)*
 - Reports to Governance Committee on progressing Counting the Costs Recommendations
 - Process Evaluation questions will focus on monitoring system changes across structural, relational and transformative domains of changes
- Summative Evaluation - *Is program meeting objectives? Are stakeholders seeing outcomes they value? Which activities are facilitating most progress towards preferred end state of Non Government Organisation/ACT Government partnership?*
 - Impact Evaluation Questions will focus on progress in addressing the Starvation Cycle: separate questions for NGOs and ACT Government
 - Evaluation activities to inform future planning:
 - Project Co-Leads will summarise material collected from others and add material from their own observations
 - Project C-Leads will invite people from ACT Government NGOs who are the intended beneficiaries of the system changes to add their perspective and provide their feedback on the insights generated from evaluation activities

Rationale for this approach to formative evaluation:

- Clear alignment of data collection with key issues arising from NGO research that informed recommendations in the Counting the Costs report
- Use practical measures of whether there is any reduction in the Starvation Cycle
- Data collected at mid point check in provides opportunity to understand progress and barriers to progress so project Co-Leads can seek to address them during last phase of Project

Rationale for this approach to summative evaluation:

- Focus data collection on evidence of system changes
- Enables a focus on what project activities have delivered and whether the activities met Project objectives and if not why not



Formative Evaluation Data - Monitoring of Progress of Implementation of Counting the Costs Recommendations

The Community-Based Project Lead will provide a report to the Governance Committee in February 2024 (focus on recommendations 2,3 and 4) and July 2024 (Focus on recommendations 1,5 and 6) to inform monitoring of progress of implementation of recommendations from the Counting the Costs Report. A sample template for these reports is provided below.

Recommendation:
Rec 2 Fully covering costs of service delivery
Adjusting the indexation formula will not rectify the gaps which are 'baked into' existing funding levels. Without boosting funding levels, under-resourcing will be perpetuated. Funding and contract duration should be sufficient to cover costs of: qualified staff recruited and retained at classification levels suited to job tasks; professional development, supervision and other supports which develop quality and enable career progression; reporting; administration; technology; innovation, planning and service improvement; auditing, legal and other necessary business activities, and infrastructure; co-design and involving people with lived experience; advocacy, consultation, and policy input; evaluation
Rec 4 Building capacity to accurately cost services to: Help ensure any unfunded expenses are identified and accounted for. Smaller organisations are particularly likely to benefit from access to expertise to support accurate costings, and from sharing skills, processes, and systems for costing services. Enable organisations to signal the true costs of service delivery to government, including their overhead costs, and ensure these are reflected in funding applications

KPI	Activities	Outputs	Process Outcomes	Impact Outcomes
KPI - Project commissioned to create tools and resources to accurate cost funding proposals and support ACT Gov to accurately assess reasonable full costs of service delivery	Identify Tools and Resources that will support fully costing services Engage external provider to develop tools and resources	Agreed list of tools and resources – some to be developed by Project Co-Leads RFQ to procure externally developed tools and resources	35 stakeholders' contributed input to scoping the RFQ for tools and resources	Tools and resources are used by NGOs and Government to counteract the Starvation Cycle New funding proposals incorporate fully costed service models/delivery
What do we expect will happen?	What is different as a result of the activities?	Were outputs delivered in timeframe we expected? Do outputs demonstrate we are moving in the right direction?	Are there barriers/opposition to outcomes? Are outcomes visible to stakeholders?	
Improved alignment of ACT Gov and NGO understanding of fully costed service delivery Counteract the NFP Starvation Cycle	Broader range of tools and resources – to enable agreement between ACT Government and NGOs of scope of costs recognised as reasonable to include in proposals	Delay in commencement of externally commissioned supplier, so desktop research and field testing of tools/resources occurring in Feb-June 2024	Limited understanding of Starvation Cycle in Senior Officials and in NGO Leadership Lack of adequate funding to meet current demand is a constraint on NGOs presenting fully costed proposals because they are worried about pricing themselves out of funding partnership with ACT Government	
What will be continued/refined/changed? By next report what progress will we expect to see?			What progress have we made: limited/developing/full/exceeded?	
February 2024 - Project Co-Leads will present draft tools/resources being developed by them July 2024 - Report on delivery of the externally commissioned tools and resources			Developing	



Formative Evaluation Data - Monitoring Engagement

The Community-Based Project lead will collect data on the number of people and diversity of perspectives that have contributed to activity implementation and participate in engagement activities during the Project.

Project Constituency	Received email informing of Activity purpose and key dates	Met with Project Lead to provide input/receive briefing on Project/Activity	Participated in Activity workshop	Received copy of Activity Report via email
Peak Body - lived experience				
Peak Body - service providers				
Aboriginal Community Controlled Organisation				
Generalist NGO				
Specialist NGO				
Union/Professional Association				



The questions below seek to collect data on engagement that is not collected during Project activities by the Project Leads.

1. Have you been engaging with the Sector Sustainability Project activities in the past 6 months? (December 2023, June 2024, November 2024)

This information will be collected via a poll of people attending the Community Sector Update Webinars in December 2023 and June and October 2024

Questions	I did not know about it			I knew about it but chose not to engage			I engaged in this activity		
	Dec23 (42 people)	June24	Oct24	Dec23	June24	Oct24	Dec23	June24	Oct24
Did you receive information and/or updates on Project via the Sector Sustainability Program webpage, Commissioning Conversations, CSD Community Sector Update webinar or Commissioning Update	59%			6%			35%		
Did you read a Briefing Paper or Project Activity Report	41%			13%			47%		

(42 respondents)

The December 2023 results indicate

- There are few people choosing not to engage with the project
- Email updates are most like to be read when they focus on outcomes of project activities



Summative Evaluation Data: Did the Project shift the dial on sector sustainability? - Project Co-Leads to complete and Governance Committee Members to review

Data collection in January 2024, June 2024 and November 2024

2. What has changed as a result of NGOs and ACT Government participating in the sustainability project?

Change in capacity/capability/authorising environment	Enablers of change	Structural Change (Policies, Practices, Resources)	Relational Change (Relationships, Connections, Power dynamics)	Transformative Change (Mental Models)	Barriers to change
Policy Change (rules, regulations and priorities that guide Practices)					
Change in Practices (activities, procedures, guidelines, habits that shape implementation of Policy)					
Change in Resourcing (money, workforce, knowledge, assets, infrastructure)					
Change in Behaviours and Dialogue between NGOs and ACT Gov (sharing decision-making, changing narrative)					
Changes in the sharing of Power (influencing future state, decision-making authority)					
Changes in Mindset (beliefs, assumptions, expected ways of operating)					
Other changes					



Summative Evaluation Data: Impact of the Project Activities on counteracting the NonProfit Starvation Cycle - separate questions for NGOs and ACT Government, focused on reducing the Starvation Cycle

Rationale: Impact is being assessed via a questions that focus on whether NGOs and ACT Government are moving out of the Starvation Cycle. The questions below capture whether the negative impacts of the Starvation Cycle are being reduced and whether the risks of under-investment identified in the CTC Recommendations have been addressed.

Data collection in June 2024 with people in NGOs (CEOs) and ACT Government (Program Managers and Executives)

3. NGO Question: Compared with 2021 (when Counting the Costs research was conducted) is your organisation better able to allocate adequate resources to the indirect costs of service delivery?

Adequate resources for indirect costs	No change at all	Barriers to change	Some change but does not make a significant difference	Yes, please state if the change made a small, medium or large difference	Enablers of change
Human Resources management					
ICT hardware, software and training					
Fund-raising and business development					
Safeguarding service users, staff and organisation					
Premises					
Vehicles/Travel for service delivery					
Other					



4. NGO question: Compared with 2021 (when Counting the Costs research was conducted) is your organisation better positioned to respond to clients and community need, and changes in your operating environment?

Response Capability	No	Barriers to change	Partial	Yes	Enablers of change
Increased the scale of provision to address unmet need					
Restored intervention fidelity (e.g., where programs have been downscaled or delivered with reduced 'dosage' or fewer staff due to funding issues)					
Reduced waiting lists					
Focused more on prevention and early intervention services					
Able to adapt and innovate					
Resilient to changes in operating environment (eg new regulatory requirement)					
Able to manage transitions when commencing or ceasing delivering a service					
Other					



5. NGO Question: Is your organisation receiving the full costs of sustainable service delivery in your funding from ACT Government?

Change in capacity to fully cover costs of core functions	No change	Improved in 2022 (please state what enabled the change)	Improved in 2023 (please state what enabled the change)	Improved in 2024 (please state what enabled the change)
Qualified staff recruited and retained at classification levels suited to job tasks				
Professional development, supervision and other supports which develop quality and enable career progression				
Reporting; administration; technology; innovation, planning and service improvement				
Auditing, legal and other necessary business activities, and infrastructure				
Co-design and involving people with lived experience				
Advocacy, consultation, and policy input				
Evaluation				
Other				



6. ACT Government questions: Does Program funding that you administer/manage fully cover the indirect costs of sustainable service delivery by NGOs?

Change in knowledge/capability/authorising environment to cover the full costs of service delivery	No	Barriers to change	Partial	Yes	Enablers of change
I know and can use the industry benchmark for assessing reasonable allocation to indirect costs of service delivery					
I know what each funding program has allocated to cover indirect costs of service delivery					
Funding proposals from NGOs include all indirect costs					
Full indirect costs and direct service delivery costs can be included in funding arrangements with NGOs					



Summative Evaluation Data: to guide future planning - Project Co-Leads to complete and Governance Committee Members to review

7. Where have we seen the most change in the sustainability of the partnership between NGOs and the ACT Government?

Visibility of change	Structural Change (Policies, Practices, Resources)	Enablers of change	Relational Change (Relationships, Connections, Power dynamics)	Enablers of change	Transformative Change (Mental Models)	Enablers of change
In NGOs						
In ACT Government						
Other						

8. If the sustainability of the partnership between ACT Gov and NGOs didn't shift what were the barriers?

Source of Barrier	Structural Change (Policies, Practices, Resources)	Relational Change (Relationships, Connections, Power dynamics)	Transformative Change (Mental Models)
In NGOs			
In ACT Government			
Other			



9. How could we address the barriers in the next phase of the Sector Sustainability Program in 2025-2028? - in ACT Government and in NGOs

Change Domain	Structural Change (Policies, Practices, Resources)	Relational Change (Relationships, Connections, Power dynamics)	Transformative Change (Mental Models)
Policy Change (rules, regulations and priorities that guide Practices)			
Change in Practices (activities, procedures, guidelines, habits that shape implementation of Policy)			
Change in Resourcing (money, workforce, knowledge, assets, infrastructure)			
Change in Behaviours and Dialogue between NGOs and ACT Gov (sharing decision-making, changing narrative)			
Changes in the sharing of Power (influencing future state, decision-making authority)			
Changes in Mindset (beliefs, assumptions, expected ways of operating)			
Other changes			



Summative Evaluation Data: NGO and ACT Government advice on Evaluation Findings and Future Planning - Workshops for NGO and ACT Government staff involved in project to scrutinise and provide feedback on Evaluation findings

Co-Leads host a presentation/workshop in July 2024 and again in December 2024

Present the material collected from the data collection activities outlined above, summarising what the project Co-Leads have learned during the project.

Invite partners in ACT Government and NGOs to provide their feedback/insights:

- Is this what has been achieved from your perspective?
- What would you add, amend, dispute?

Change Domains	Structural changes achieved	Enablers of change	Barriers to change	Relational changes achieved	Enablers of change	Barriers to change	Transformative changes achieved	Enablers of change	Barriers to change
Policy Change (rules, regulations and priorities that guide Practices)									
Change in Practices (activities, procedures, guidelines, habits that shape implementation of Policy)									
Change in Resourcing (money, workforce, knowledge, assets, infrastructure)									



Change Domains	Structural changes achieved	Enablers of change	Barriers to change	Relational changes achieved	Enablers of change	Barriers to change	Transformative changes achieved	Enablers of change	Barriers to change
Change in Behaviours and Dialogue between NGOs and ACT Gov (sharing decision-making, changing narrative)									
Changes in the sharing of Power (influencing future state, decision-making authority)									
Changes in Mindset (beliefs, assumptions, expected ways of operating)									
Other factors to note									

10. What changes should we focus on in the next phase of the Sector Sustainability Program in 2025-2028? – key objectives and proposed activities at each level of change

Following this workshop, Co-Leads will collate material and finalise advice to ACT Government on what should be the priorities for action (with current resources) and further investment (through Sector Sustainability Program) to improve the sustainability of the partnership between NGOs and AT Government to deliver health and well-being outcomes in 2025-2028.



ATTACHMENT A

Material below sourced on 5 December 2023 from: [Building Industry capacity, sustainability and innovation - Commissioning \(act.gov.au\)](#)

Sector Sustainability Project 2023-2024 Focus Areas	Commissioning Reform Strategic Challenges and Objectives	Commissioning Reform Activities
Identify and implement efficiencies in funding arrangements – across Commissioning, Costing, Reporting and Administration of funding partnerships between ACT Government and NGOs	<p>Strategic Challenges: Better respond to community need, both existing and emerging, through increased flexibility and opportunities for innovation. Improve sector sustainability through closer partnerships and better understanding the needs of our service delivery partners.</p> <p>Objectives: Without a capable, sustainable, and innovative industry, our Territory and our communities would suffer. Commissioning needs to value and build a diverse, responsive, and capable non-government sector, including through a focus on workforce. Innovation can also mean how existing services are refreshed or reinvigorated with new service models or approaches that can better meet community needs.</p>	Through commissioning we evolve contracting, procurement, and reporting requirements to minimise duplication and red tape and reflect the shift to a partnership approach
Development of detailed and relevant definition of value for money in human services procurement	Strategic Challenge: understanding the impact of individual commissioning processes on the sector as a whole. There is a risk that individual procurement decisions could over time, distort the shape of the sector such that it loses diversity, vibrancy or sustainability	Ensure impacts on broader sector are considered during market assessments and investment phases
Sector Sustainability Project 2023-2024 Focus Areas	Commissioning Reform Strategic Challenges and Objectives	Commissioning Reform Activities
Development of tools and resources to support fully costing services ACT Government articulates a process for allocating funds to	Objectives: Understanding the scale and severity of the problem or need to be addressed as well as the scale, feasibility and efficacy of proposed responses needs to occur both within the context of the sub-system being commissioned, across the health and social	To provide transparent and accurate tools that manage stakeholder expectations and support collaboration in commissioning cycles and the overall system impacts.



<p>enable growth of program funds when additional needs/demand/services that were not envisaged in initial design of the funding offer emerge, and service providers know the criteria and protocols for accessing these funds</p>	<p>systems more broadly, and in the context of other competing budget priorities.</p>	
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