Agenda

1. Welcome and Introduction
2. Homelessness Metrics
3. Discussion
4. Rates and Financial Modelling
5. Next Steps
Investments in a broad and diverse range of human services

<table>
<thead>
<tr>
<th>Organization</th>
<th>Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newpin</td>
<td>Reducing OOHC entry, helpline reports and risk assessments</td>
</tr>
<tr>
<td>Silverchain</td>
<td>Reducing re-incarceration of parolees in Sydney</td>
</tr>
<tr>
<td>Resolve</td>
<td>Supporting stable housing and employment for young people</td>
</tr>
<tr>
<td>Resilient Families</td>
<td>Restoring children to their families and reducing OOHC entry</td>
</tr>
<tr>
<td>OnTRACC</td>
<td>Reducing hospital usage for palliative care patients</td>
</tr>
<tr>
<td>Foyer51</td>
<td>Reducing hospital usage for mental health patients</td>
</tr>
</tbody>
</table>

NSW OSII
Future SII Opportunities
NSW has identified five priority policy areas for SII

- Juvenile justice
- Place-based economic development
- Family and domestic violence
- Homelessness
- Female offending

NSW OSII
Market Development Strategy

NSW has developed a strategy to simplify and streamline the SII development process.

OSII’s Market Development Strategy aims to:

- streamline processes
- develop capacity
- scale investments to achieve greater impact

Key Actions

- Capacity building workshops and online resources
- Updated Technical Guide to Outcomes Measurement
- Revised Financial Model template
- Rate card in RFP to include outcome metrics and price signals
- Pilot co-development process to drive innovation
Outcomes Rate Card

OSII will be trialling an outcomes rate card approach to the next RFP

What is a Rate Card?
An outcomes rate card is a list of outcomes that government seeks to achieve and a price government is willing to pay for each outcome.

Example Rate Card

<table>
<thead>
<tr>
<th>Outcome for Offender Cohort</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months without offence</td>
<td>$$$</td>
</tr>
<tr>
<td>1 year without offence</td>
<td>$$</td>
</tr>
<tr>
<td>2 years without offence</td>
<td>$$</td>
</tr>
<tr>
<td>3 years without offence</td>
<td>$$</td>
</tr>
<tr>
<td>Six months sustained accommodation</td>
<td>$</td>
</tr>
<tr>
<td>18 months sustained accommodation</td>
<td>$</td>
</tr>
<tr>
<td>Diploma or higher educational attainment</td>
<td>$</td>
</tr>
<tr>
<td>Four weeks sustained employment</td>
<td>$</td>
</tr>
<tr>
<td>26 weeks sustained employment</td>
<td>$</td>
</tr>
<tr>
<td><strong>Maximum per individual</strong></td>
<td>$$$$</td>
</tr>
</tbody>
</table>

Potential Design Features

- Cohort definition
- Primary outcomes
- Secondary outcomes
- Individual maximum

Example Rate Card

Potential Design Features

- Cohort definition
- Primary outcomes
- Secondary outcomes
- Individual maximum
Rate Card Rationale
The outcomes rate card aims to address previous market feedback on the RFP process

Why an outcomes rate card?
The rate card addresses market feedback in several key ways:

- Sending a clear market signal as to the range of outcomes sought and the price Government is willing to pay.

- Streamlining the investment process by simplifying measurement, providing more data up-front and standardising some aspects of the investments.

- Reducing the cost of capital through paying outcomes at intervals and enabling a quicker cycling of capital.
Rate Card: selection of metrics

Design of outcomes and metrics has been driven by key design principles

FACS and OSII have worked together to design the draft outcomes and metrics. We have been guided by outcomes and metrics definitions and design principles:

• An outcome is a measureable and observable change in individuals, groups, organisations, systems or communities
• A metric is the specific measure that is used to demonstrate the outcome
• Outcome metrics should be:

  - Simple
  - Objective
  - Timely
  - Thoughtful
  - Reliable
  - Collectible
Rate Card: calculation of rates

Rates are calculated to align the interests of Government and providers

- Detailed data analysis underpins the development of a rate card
- A rate card acknowledges Government’s better visibility of savings
- Rates are determined to ensure:
  - Economic rationale for Government
  - Commercial viability for providers
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Homelessness Priority Area

Homelessness is one of the five priority issues areas identified for SII in NSW.

The proposed cohort is people exiting government services who are experiencing, or at risk of homelessness.

People exiting government services can include:

- Exits from correctional centres  
  Rationale: Clear link between exiting and risk of homelessness and recidivism; over-representation of Aboriginal women

- Exits from Emergency Departments (ED) / hospitals  
  Rationale: At-risk people moving repeatedly through the hospital system

- Exits from health drug treatment services  
  Rationale: Often already homeless before entering into rehab services

- Exits from Out of Home Care  
  Rationale: Young people exiting care are at risk of experiencing homelessness in the first few years after leaving care

- Exits from mental health institutions  
  Rationale: Complex interrelationship between mental illness and homelessness
# Homelessness Outcomes and Metrics

The draft homelessness rate card includes a range of associated outcomes.

<table>
<thead>
<tr>
<th>Achievement of stable housing</th>
<th>Improved education / employment</th>
<th>Reduction in re-incarceration</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 6 months sustained accommodation</td>
<td>• Completion of recognised vocational or job-readiness training</td>
<td>• No re-incarceration within 12 months from release</td>
</tr>
<tr>
<td>• 12 months sustained accommodation</td>
<td>• Engagement in structured activity, including mentoring, work experience, internship, volunteering.</td>
<td>• No re-incarceration within 24 months from release</td>
</tr>
<tr>
<td>• 24 months sustained accommodation</td>
<td>• 3 months sustained employment</td>
<td></td>
</tr>
<tr>
<td>• Entry into independent housing</td>
<td>• 6 months sustained employment</td>
<td></td>
</tr>
<tr>
<td>• 6 months sustained independent housing</td>
<td>• 12 months sustained employment</td>
<td></td>
</tr>
</tbody>
</table>
# Homelessness Outcomes and Metrics

## Achievement of Stable Housing

<table>
<thead>
<tr>
<th>#</th>
<th>Metrics</th>
<th>Definition</th>
<th>Potential Verification Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6 month sustained accommodation</td>
<td>Includes: 1. Tenancies under social housing 2. Private leases through the assistance of FACS’ Private Rental Subsidy (PRS). 3. Living arrangements with relatives/kin</td>
<td>For 1. &amp; 2. – FACS administrative data (social housing + private rental subsidy)</td>
</tr>
<tr>
<td>2</td>
<td>12 months sustained accommodation</td>
<td></td>
<td>For 3. - Self reported, with degree of validation to be agreed</td>
</tr>
<tr>
<td>3</td>
<td>24 months sustained accommodation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 4  | Entry into independent housing        | Means the person has exited social housing and / or does not require the assistance of FACS' Private Rental Subsidy to secure the dwelling.  | • Lease agreement / sales contract  
• FACS data (to verify the client no longer access social housing or Private Rental Subsidy)  
• Registered bill (to verify 6 month sustained metric) |
| 5  | 6 month sustained independent housing | The person should be the leaseholder or holds the title of the particular dwelling. |                                                                                               |
## Homelessness Outcomes and Metrics
### Improved Education / Employment

<table>
<thead>
<tr>
<th>#</th>
<th>Metrics</th>
<th>Definition</th>
<th>Potential Verification Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Completion of recognised vocational or job-readiness training</td>
<td>Person will complete a training program relevant to jobs or skills required in their region [this aligns with the Smart, Skilled and Hired Youth Employment Program].</td>
<td>Assessment results or certificates of completion</td>
</tr>
<tr>
<td>7</td>
<td>3 months of sustained employment</td>
<td>Person will be working, on average, at least 14 more hours per week since registering with the relevant program/intervention [this aligns with the Smart, Skilled and Hired Youth Employment Program].</td>
<td>Payslips, letter from employer confirming details of position and hours worked</td>
</tr>
<tr>
<td>8</td>
<td>6 months of sustained employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>12 months of sustained employment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Engagement in structured activity – volunteering or internship (paid or unpaid) for at least four weeks (noting the Fair Work Ombudsman’s guidance on lawful unpaid work)</td>
<td>For volunteering – person will be involved in a volunteering position for at least four weeks that provides relevant experience for desired employment [this aligns with the Smart, Skilled and Hired Youth Employment Program].</td>
<td>For volunteering - letter from non-profit organisation detailing nature of volunteering role, hours and frequency and confirmation of participation (e.g. email or letter from organisation)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>For internship – person will complete at least four weeks of an internship program [this aligns with the Smart, Skilled and Hired Youth Employment Program].</td>
<td>For internship - letter of completion, contract, or employer statement, on letterhead from internship provider confirming details of the internship, including period, frequency, activities and conditions</td>
</tr>
</tbody>
</table>
# Homelessness Outcomes and Metrics

## Reduction in Re-incarceration

<table>
<thead>
<tr>
<th>#</th>
<th>Metrics</th>
<th>Definition</th>
<th>Potential Verification Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>No re-incarceration within 12 months from release</td>
<td>Individual not re-incarcerated for a court-finalised new offence 12 months following release from custody</td>
<td>Justice administrative data</td>
</tr>
<tr>
<td>12</td>
<td>No re-incarceration within 24 months from release</td>
<td>Individual not re-incarcerated for a court-finalised new offence 24 months following release from custody</td>
<td></td>
</tr>
</tbody>
</table>
Homelessness Outcomes and Metrics

Discussion: in workshop tables

Instructions:
Each table will discuss the proposed metrics, definitions and verification sources – 20 minutes

A few guiding questions:
• Are we focused on the right outcomes and metrics to drive sustained improvement for those experiencing or at risk of homelessness?
• Are there any additional outcomes that should be considered? Keep in mind the design principles for metrics: simple, timely, reliable, objective, thoughtful, collectible
• Are there any risks or perverse incentives that need to be mitigated?

A FACS and / or OSII representative will help guide the discussion at each table and take notes.

A representative from each table will be asked to share key reflections from the table – 20 minutes
Agenda

1. Welcome and Introduction
2. Homelessness Metrics
3. Discussion
4. Rates and Financial Modelling
5. Next Steps
Nine steps were undertaken to determine appropriate rates:

1. Define cohort and calculate cohort size
2. For the cohort defined, calculate historical service usage of gov’t services
3. Calculate cohort’s current year costs to gov’t, based on historical service usage
4. Estimate cohort’s future year costs to gov’t, using OOHCH linked dataset (to be refined during JDP)
5. Estimate the broader benefits of achieving outcomes (including to Cwth, individual, society)
6. Model different performance scenarios for each outcome metric
7. Calculate total benefits available for distribution (including avoidable costs and broader benefits)
8. Calculate payment rate per outcome metric, based on avoided costs.
9. Review payment rates for all metrics, and set payment cap per individual as appropriate
Draft Rate Card

Context and limitations of draft rate card

• This is a DRAFT, and is being presented for market feedback.
• Rates are provided as a guide to assist potential proponents assess the feasibility of a proposal.
• Feedback will be considered by FACS, FACSIAR and OSII and may be incorporated into a final version of the rate card.
• The draft rate card is based on expert advice from FACS, including FACSIAR. It considers the measurability of different outcomes based on the availability and robustness of existing data sets.
• The rates are based on currently available information. Further information and data linkage on a homelessness cohort may be available at the time of a JDP.
• Rates could be further negotiated in the JDP process based on specific cohort analysis.
• Rates (prices) attached to non-FACS outcomes (e.g. Justice outcomes) are not indicative of prices that may be paid by other clusters (i.e. different pricing analysis would apply if Justice were to commission a Justice specific program).
The draft rate card has been developed in collaboration with FACS

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Metric</th>
<th>Cohort exiting custodial setting</th>
<th>Cohort exiting other Govt. services (e.g. ED, OOHC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement of stable housing</td>
<td>Sustained Accommodation</td>
<td>6 months</td>
<td>3,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12 months</td>
<td>5,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24 months</td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td>Sustained Independent housing</td>
<td>Entry</td>
<td>12,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 months</td>
<td>12,500</td>
</tr>
<tr>
<td>Improved education / employment</td>
<td>Education / Training</td>
<td>Completion of recognised vocational or job readiness training</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Engagement in structured activity</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>Sustained Employment</td>
<td>3 months</td>
<td>5,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6 months</td>
<td>6,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12 months</td>
<td>7,500</td>
</tr>
<tr>
<td>Reduction in re-incarceration</td>
<td>No re-incarceration after release</td>
<td>12 months</td>
<td>4,500</td>
</tr>
<tr>
<td></td>
<td></td>
<td>24 months</td>
<td>5,500</td>
</tr>
<tr>
<td>Maximum rate per person</td>
<td></td>
<td>$ 74,000</td>
<td>$ 48,000</td>
</tr>
</tbody>
</table>
Financial feasibility

OSII has developed a template model to help assess financial feasibility

- A template financial model has been developed to incorporate the outcomes from the rate card.
- The template is **OPTIONAL** - it is provided to assist potential proponents to quickly assess the suitability of a proposal.
- Potential proponents are requested to assess the feasibility of the proposed rates for their organisation / program, and provide feedback to OSII.
- Feedback is sought through:
  - Input in today’s session; and
  - Feedback to a survey (to be available on OSII’s website).
## Template model overview

The financial model template incorporates the outcomes from the rate card

### Model Contents

*Click on a hyperlink below to jump to the corresponding worksheet*

<table>
<thead>
<tr>
<th>Workbook Section</th>
<th>No.</th>
<th>Worksheet</th>
<th>Worksheet tab colour</th>
<th>User action required?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preliminaries</strong></td>
<td>1</td>
<td>Disclaimer</td>
<td>Grey</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Cover</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Contents</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Instructions</td>
<td></td>
<td>No</td>
</tr>
<tr>
<td><strong>Key summary outputs for the user</strong></td>
<td>5</td>
<td>Dashboard - Output Summary</td>
<td>Green</td>
<td>Yes - analysis of results</td>
</tr>
<tr>
<td><strong>Model Inputs</strong></td>
<td>6</td>
<td>Inputs_1</td>
<td>Light Blue</td>
<td>Yes - manual input cells</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Inputs_2</td>
<td></td>
<td>Yes - manual input cells</td>
</tr>
<tr>
<td><strong>Models outputs</strong></td>
<td>8</td>
<td>Output - Operating Model</td>
<td>Orange</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Output - Dashboard Data</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The financial model template incorporates the outcomes from the rate card.

**Step 1: Input base case data**

- **Inputs_1 tab**
  - Cohort selection
  - Intervention length
  - Client referral profile
- **Inputs_2 tab**
  - Contract period
  - Target outcome level
  - Program costs

**Step 2: Interpret output data**

- **Dashboard – Output summary tab**
  - Commonwealth benefits
  - Broader/indirect benefits
  - Government Savings Retained
  - Other Revenue
  - Financing Costs

- **Additional charts**
  - Total benefits
  - Net benefits
  - Government payments
  - Total project income
  - Total project costs
  - Standing charge
Template model example

Let’s run through an example by applying the rates for a cohort exiting custodial setting...

Contract period

Input_1 tab

Intervention length

Assumptions based on Government data.

5 year contract

NSW OSII
Template model example

Inputs_1 tab

Target outcome level

Outcome rates

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Payment Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 months sustained accommodation</td>
<td></td>
</tr>
<tr>
<td>Baseline - outcome level (i.e. no intervention)</td>
<td>% 29%</td>
</tr>
<tr>
<td>Target outcome level (i.e. with intervention)</td>
<td>% 34%</td>
</tr>
<tr>
<td>Payment per outcome achieved</td>
<td>$ 3,500</td>
</tr>
<tr>
<td>Outcome delay from intervention commencement</td>
<td>Quarters 5</td>
</tr>
</tbody>
</table>
Template model example

In this example, we’ve assumed a cohort of 800 people, with client intake occurring every quarter…

The client referral profile should fall within the contract period.

In this example, we’ve assumed a cohort of 800 people, with client intake occurring every quarter…
In this example, we've assumed ongoing program costs per person is $10,000. Using an assumed 95% client uptake rate, only 95 of the 100 clients will participate in the intervention per quarter. Thus, $10,000 * 95 = $950,000
Template model example
Interpreting the output data...

Dashboard – Output summary tab

Economically viable for Government
Commercially feasible for service provider

Commentaries will appear where there are areas for attention

Summary data

Impact:
- Number of people helped: 760
- Average increase in target outcomes: 41.2%

Investors:
- Total investment amount: $6,000,000
- Total principal repaid: $6,000,000
- Investor IRR: 10%

Government:
- Total NSW Government cost savings: $10,729,252
- Total contract size (outcomes + standing charge): $10,070,113
- Net saving to NSW Government: $699,139
- Total broader / indirect benefits: $5,395,053
- Total Commonwealth benefits: $1,172,908

Project funding:
- Standing charge: $1,900,000
- Outcome payments: $8,170,113
- Social enterprise (other) revenue generation: $-
- Philanthropy: $-

- Total project funding / cost: $10,070,113
- Minimum cash balance: $450,000
Template model support

OSII will be available to answer any template model related questions

Email your questions to: socialimpactinvestment@dpc.nsw.gov.au

“Help desk” support: OSII team members will be available to help or answer any questions on Thursday 14 June during the following timeslots:

- 10:30am – 11:30am
- 2:00pm – 4:00pm.

To make a booking, please email socialimpactinvestment@dpc.nsw.gov.au
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3 Discussion
4 Rates and Financial Model
5 Next Steps
Next Steps

OSII will be guided and guide the market in the use of a homelessness rate card

OSII has developed a number of tools and resources to assist proponents use a rate card:

- **Market sounding and survey**
  - Provide an opportunity for feedback on draft metrics and rates
  - Survey closes on ~18 June 2018

- **Financial model template**
  - Optional tool aligned to the rate card metrics

- **Technical Guide to Measurement**
  - Updated resources to reflect a range of measurement options
Questions

Email: socialimpactinvestment@dpc.nsw.gov.au