

Market Sounding: Homelessness Rate Card

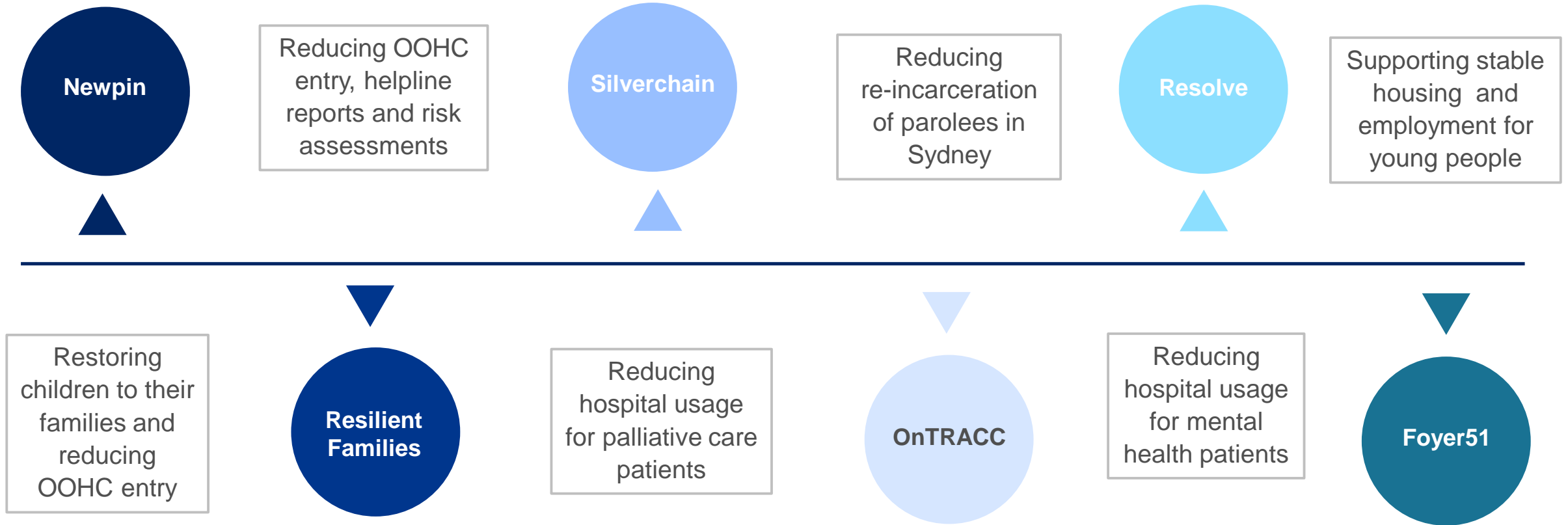
Office of Social Impact Investment
June 2018

Agenda

- 1 Welcome and Introduction
- 2 Homelessness Metrics
- 3 Discussion
- 4 Rates and Financial Modelling
- 5 Next Steps

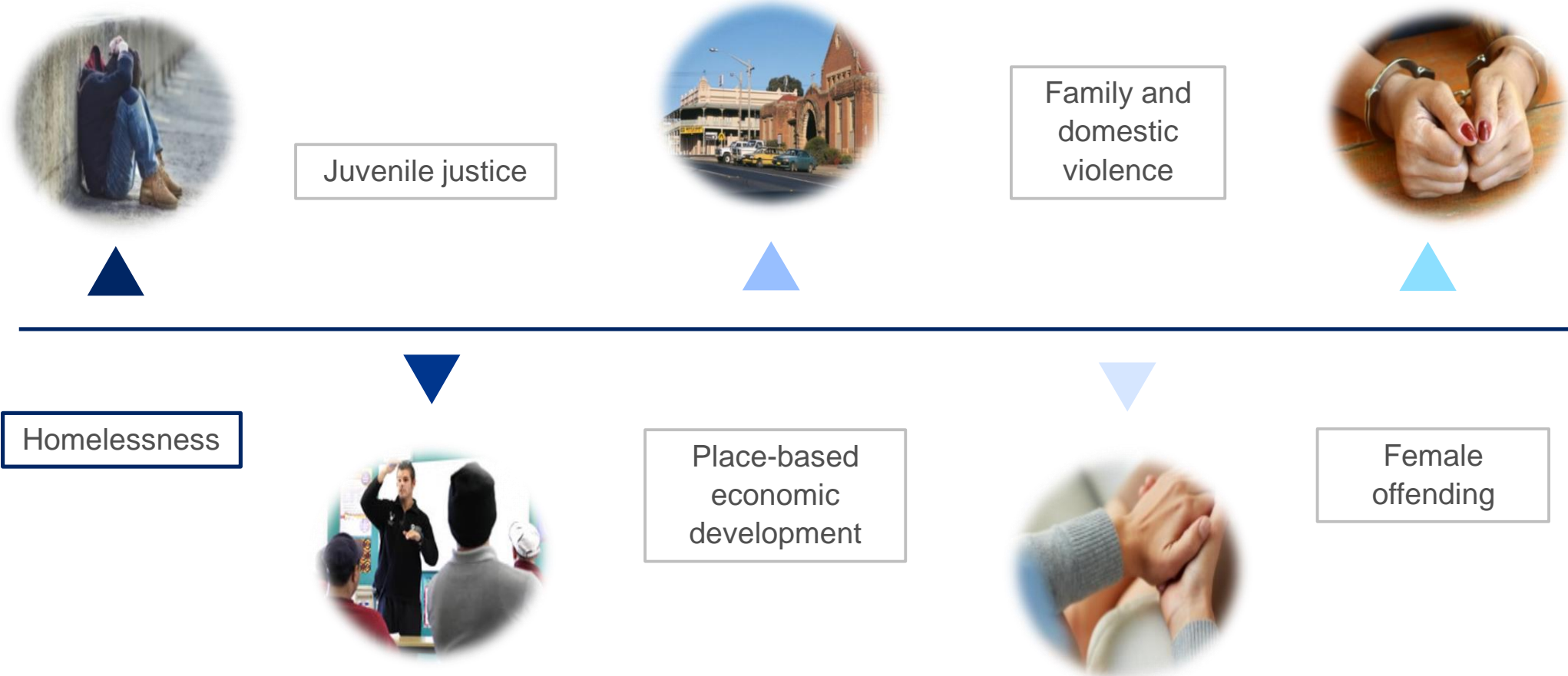
NSW SII Portfolio

Investments in a broad and diverse range of human services



Future SII Opportunities

NSW has identified five priority policy areas for SII

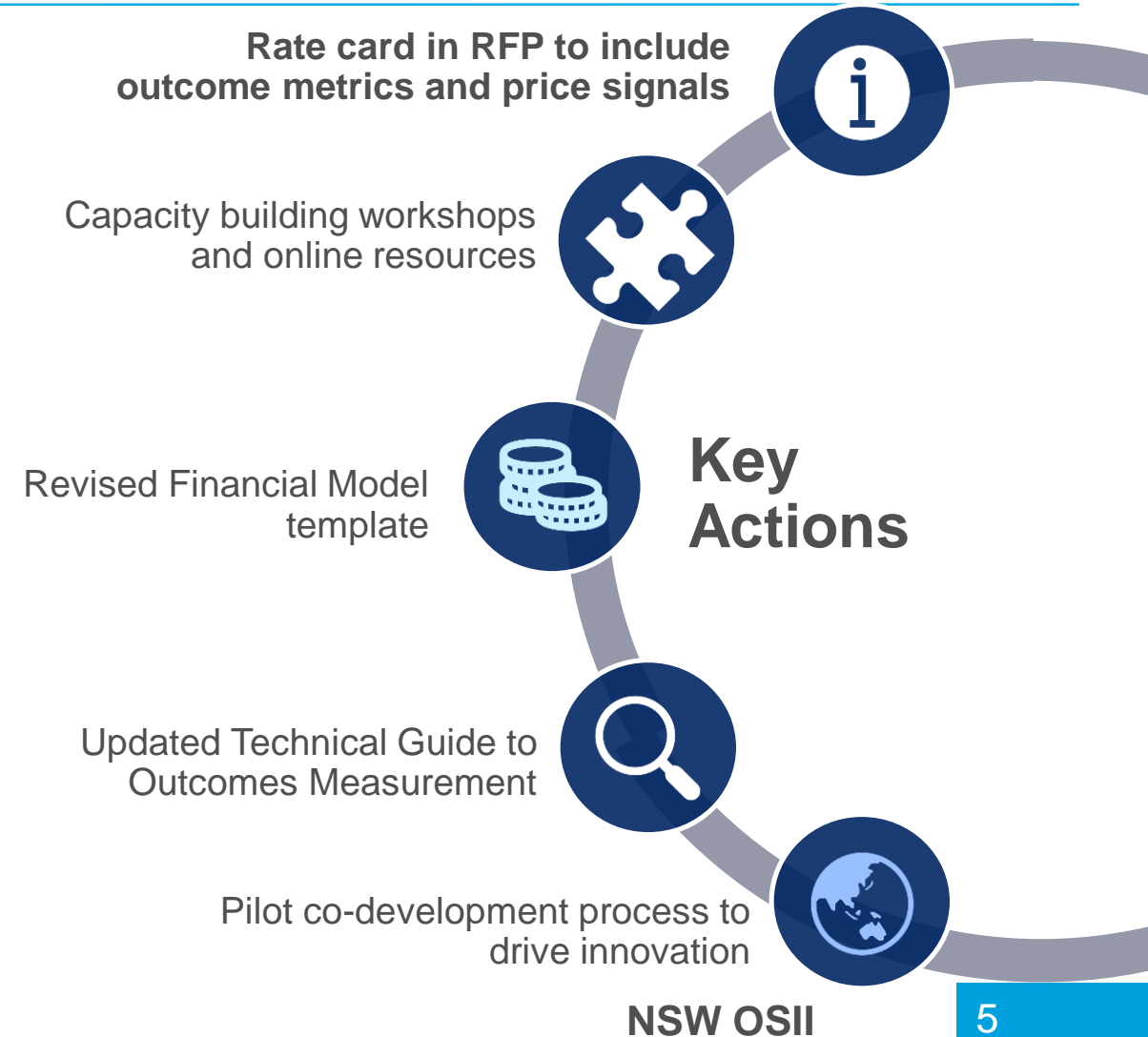


Market Development Strategy

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



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		Potential Design Features	
Outcome for Offender Cohort	Rate	Cohort definition	
6 months without offence	\$\$\$	Primary outcomes	
1 year without offence	\$\$		
2 years without offence	\$\$		
3 years without offence	\$\$		
Six months sustained accommodation	\$	Secondary outcomes	
18 months sustained accommodation	\$		
Diploma or higher educational attainment	\$		
Four weeks sustained employment	\$		
26 weeks sustained employment	\$		
Maximum per individual	\$\$\$\$	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



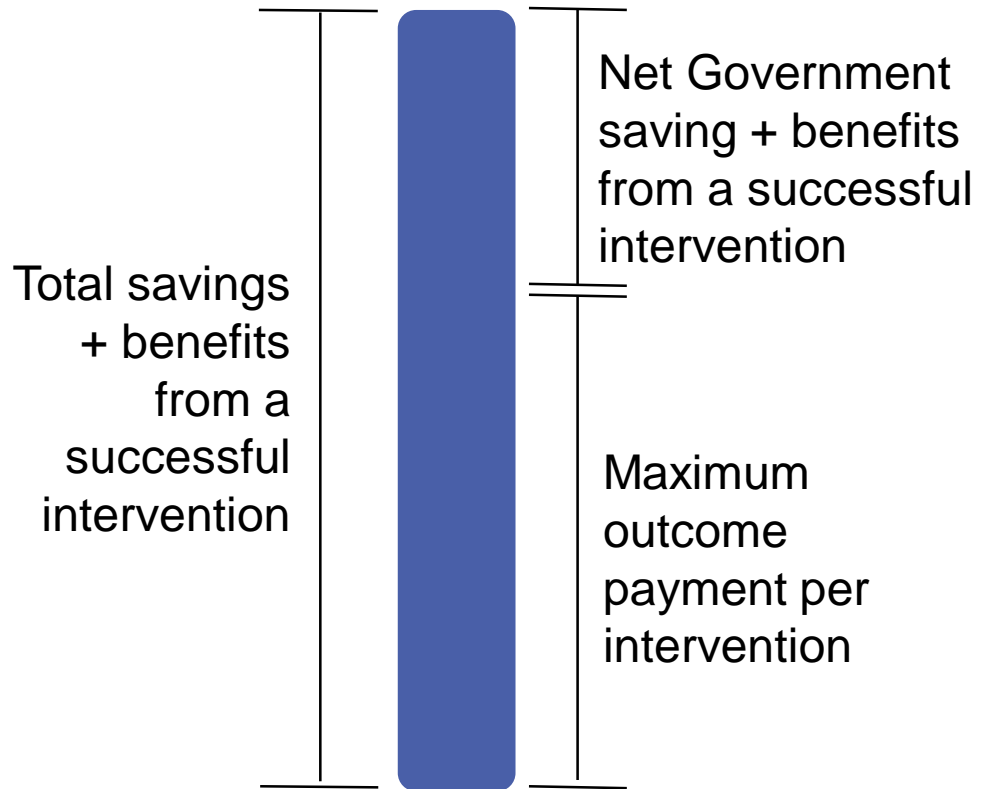
Reliable



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

Achievement of stable housing

- 6 months sustained accommodation
- 12 months sustained accommodation
- 24 months sustained accommodation
- Entry into independent housing
- 6 months sustained independent housing

Improved education / employment

- Completion of recognised vocational or job-readiness training
- Engagement in structured activity, including mentoring, work experience, internship, volunteering.
- 3 months sustained employment
- 6 months sustained employment
- 12 months sustained employment

Reduction in re-incarceration

- No re-incarceration within 12 months from release
- No re-incarceration within 24 months from release

Homelessness Outcomes and Metrics

Achievement of Stable Housing

#	Metrics	Definition	Potential Verification Source
1	6 month sustained accommodation	Includes: 1. Tenancies under social housing 2. Private leases through the assistance of FACS' Private Rental Subsidy (PRS). 3. Living arrangements with relatives/kin	For 1. & 2. – FACS administrative data (social housing + private rental subsidy)
2	12 months sustained accommodation		
3	24 months sustained accommodation		For 3. - Self reported, with degree of validation to be agreed
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. The person should be the leaseholder or holds the title of the particular dwelling.	<ul style="list-style-type: none">• 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		

Homelessness Outcomes and Metrics

Improved Education / Employment

#	Metrics	Definition	Potential Verification Source
6	Completion of recognised vocational or job-readiness training	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].	Assessment results or certificates of completion
7	3 months of sustained employment	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].	Payslips, letter from employer confirming details of position and hours worked
8	6 months of sustained employment		
9	12 months of sustained employment		
10	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)	<p>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].</p> <p>For internship – person will complete at least four weeks of an internship program [this aligns with the Smart, Skilled and Hired Youth Employment Program].</p>	<p>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)</p> <p>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</p>

Homelessness Outcomes and Metrics

Reduction in Re-incarceration

#	Metrics	Definition	Potential Verification Source
11	No re-incarceration within 12 months from release	Individual not re-incarcerated for a court-finalised new offence 12 months following release from custody	Justice administrative data
12	No re-incarceration within 24 months from release	Individual not re-incarcerated for a court-finalised new offence 24 months following release from custody	

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.

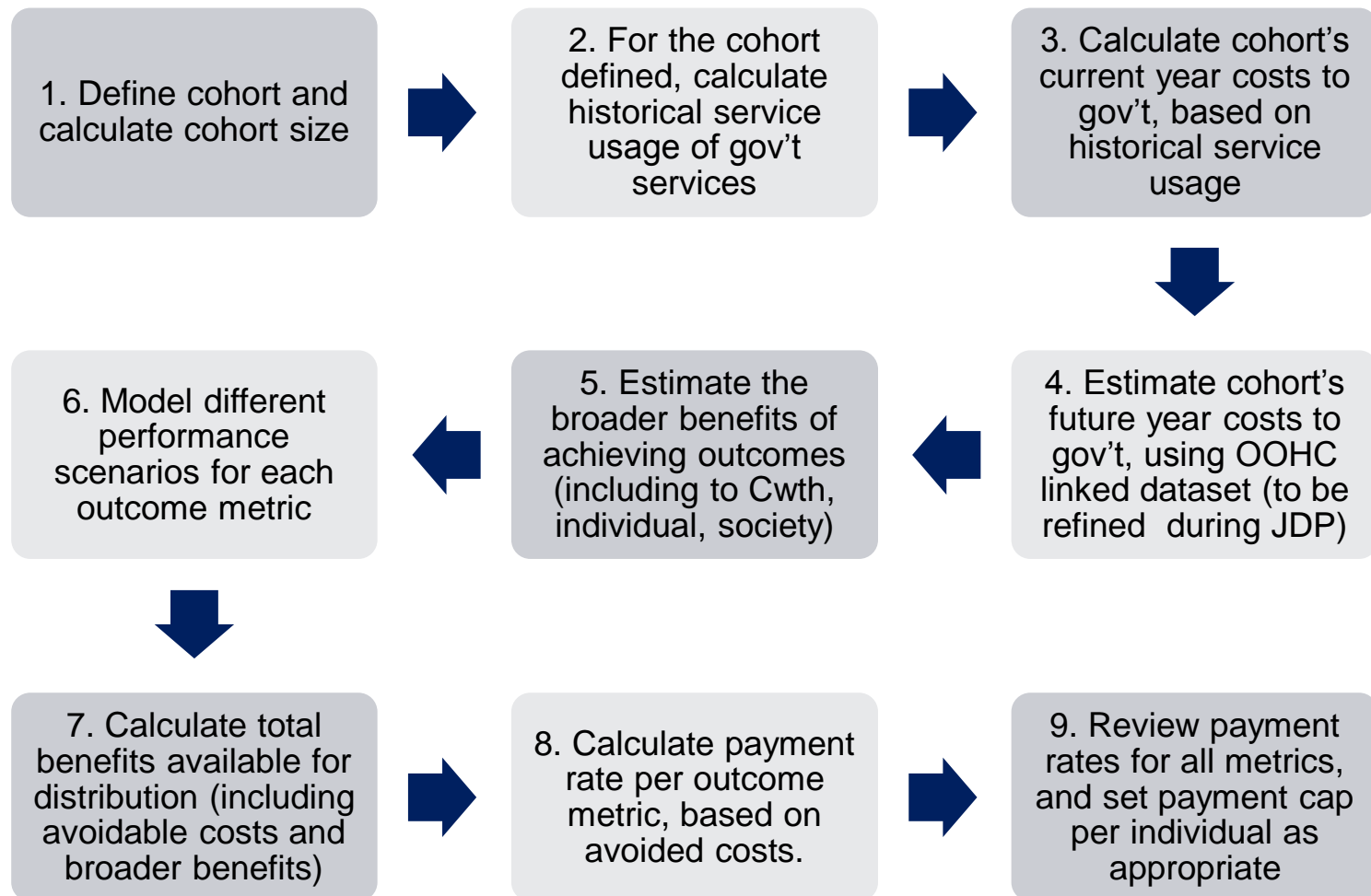
A representative from each table will be asked to share key reflections from the table – **20 minutes**

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Draft Rate Methodology

Nine steps were undertaken to determine appropriate rates.



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).

Draft Rate Card

The draft rate card has been developed in collaboration with FACS

Outcome	Metric		Cohort exiting custodial setting	Cohort exiting other Govt. services (e.g. ED, OOHc)
Achievement of stable housing	Sustained Accommodation	6 months	3,500	2,000
		12 months	5,000	3,000
		24 months	4,000	2,500
	Sustained Independent housing	Entry	12,500	9,000
		6 months	12,500	10,500
Improved education / employment	Education / Training	Completion of recognised vocational or job readiness training	4,500	3,000
		Engagement in structured activity	2,500	2,000
	Sustained Employment	3 months	5,500	4,000
		6 months	6,500	4,500
		12 months	7,500	5,500
Reduction in re-incarceration	No re-incarceration after release	12 months	4,500	1,000
		24 months	5,500	1,000
Maximum rate per person			\$ 74,000	\$ 48,000

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

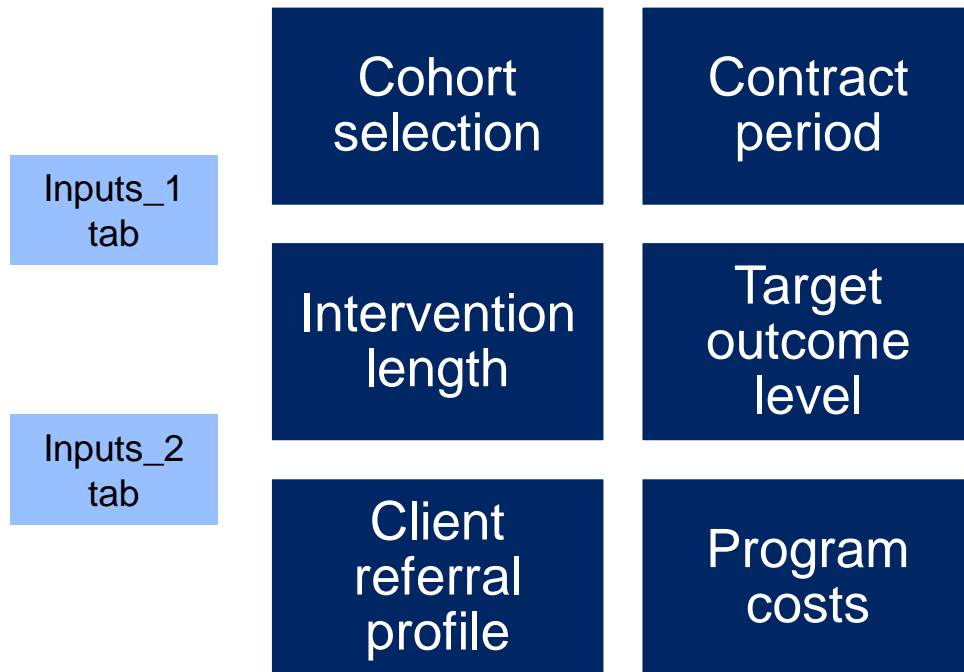
The financial model template incorporates the outcomes from the rate card

Model Contents				
Click on a hyperlink below to jump to the corresponding worksheet				
Workbook Section	No.	Worksheet	Worksheet tab colour	User action required?
Preliminaries	1	Disclaimer	Grey	No
	2	Cover		No
	3	Contents		No
	4	Instructions		No
Key summary outputs for the user	5	Dashboard - Output Summary	Green	Yes - analysis of results
Model Inputs	6	Inputs_1	Light Blue	Yes - manual input cells
	7	Inputs_2		Yes - manual input cells
Models outputs	8	Output - Operating Model	Orange	No
	9	Output - Dashboard Data		

Template model overview

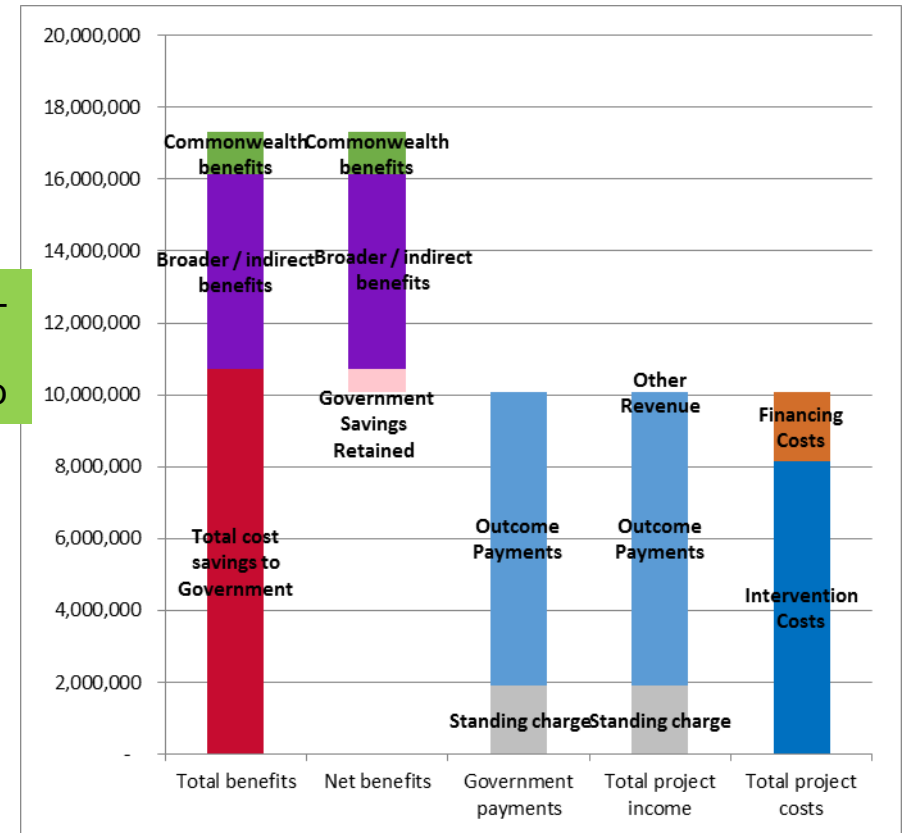
The financial model template incorporates the outcomes from the rate card

Step 1: Input base case data



Step 2: Interpret output data


Dashboard – Output summary tab



Template model example

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

Inputs_1
tab



Office of
Social Impact Investment

0
Scenarios - inputs
Active case = Base Case

Model_v3 (issued 7 June 2018)

Go to Contents Page

Justice cohort

Select
Scenario:
1

Base Case
1

Scenarios
Low Case
2

High Case
3

Contract
period

Intervention
length

Delivery Model Assumptions	Units			
Contract period				
Contract start date	dd/mmm/yy	1 Jan 19	1 Jan 19	
Contract end date	dd/mmm/yy	31 Dec 24	31 Dec 24	5 year contract
Cohort				
Client uptake	%	95%	95%	
Client uptake for Justice-related outcomes	%	100%	100%	
Client uptake for Employment-related outcomes	%	62%	62%	
Intervention				
Length of intervention	Quarters	8	8	

Assumptions based on
Government data.

Template model example

Inputs_1
tab

Target
outcome level

Outcome rates

Outcomes

Payment Metrics

6 months sustained accommodation

Baseline - outcome level (i.e. no intervention)

Target outcome level (i.e. with intervention)

Payment per outcome achieved

Outcome delay from intervention commencement

Outcome 1

%

%

\$

Quarters

29%

34%

3,500

5

29%

34%

\$ 3,500

5

Outcome	Metric		Cohort exiting custodial setting
Achievement of stable housing	Sustained Accommodation	6 months	3,500
		12 months	5,000
		24 months	4,000
	Sustained Independent housing	Entry	12,500
Improved education / employment	Education / Training	6 months	12,500
		Completion of recognised vocational or job readiness training	4,500
		Engagement in structured activity	2,500
	Sustained Employment	3 months	5,500
		6 months	6,500
		12 months	7,500
Reduction in re-incarceration	No re-incarceration after release	12 months	4,500
		24 months	5,500
Maximum rate per person			\$ 74,000

Template model example

Inputs_2
tab

Client referral
profile

Period Start Date
Period End Date

Delivery Model Assumptions

Contract period
Contract start date
Contract end date

dd/mm/yy
dd/mm/yy

1 Jan 19
31 Dec 24

Inputs_1
tab

1 Jan 19
31 Dec 24

01 Jan 19 01 Apr 19 01 Jul 19 01 Oct 19 01 Jan 20 01 Apr 20 01 Jul 20 01 Oct 20
31 Mar 19 30 Jun 19 30 Sep 19 31 Dec 19 31 Mar 20 30 Jun 20 30 Sep 20 31 Dec 20

The client referral profile should fall within the contract period

Delivery Model Assumptions

Client Referral Profile	
Base case	#
Low case	#
High case	#
Selected Forecast	#

100	100	100	100	100	100	100	100

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

Template model example

Inputs_1 tab

Program costs

Inputs_2 tab

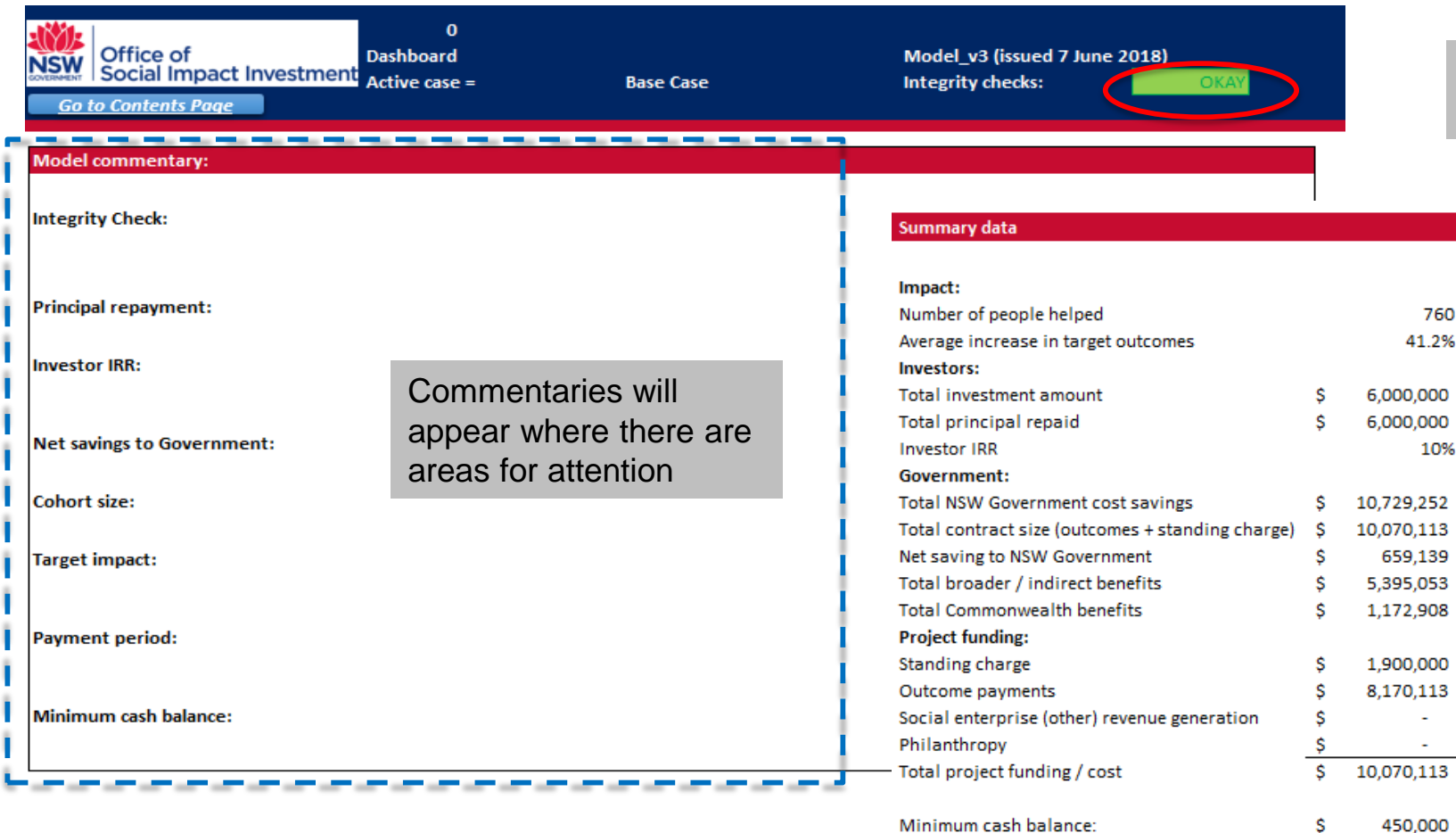
Delivery Cost Assumptions									
Program costs									
Initial set-up costs (incurred Q1)	\$	250,000	\$	250,000					
Evaluation / performance management costs	\$ p.a.	50,000	\$	50,000					
Ongoing program costs									
Base case	\$		950,000	950,000	950,000	950,000	950,000	950,000	950,000
Staffing (including on-costs)		\$	950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000	\$ 950,000
Overheads									
Program costs									
Low case	\$								
Staffing (including on-costs)									
Overheads									
Program costs									
High case	\$								
Staffing (including on-costs)									
Overheads									
Program costs									
Selected Forecast	#		950,000	950,000	950,000	950,000	950,000	950,000	950,000

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

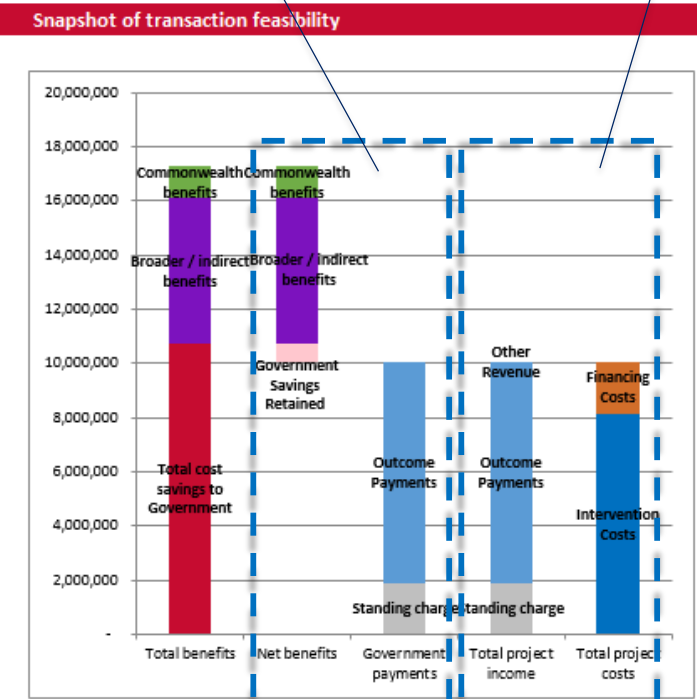
Interpreting the output data....

Dashboard – Output summary tab



Economically viable
for Government

Commercially feasible
for service provider



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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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:



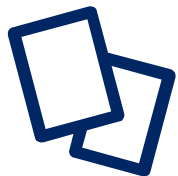
Market sounding and survey

- 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