Journey to Social Inclusion Program: Partnerships Addressing Disadvantage

Final Evaluation Summary Report 
Department of Treasury and Finance
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Executive summary

Introduction

The Journey to Social Inclusion (J2SI) Social Impact Investment (SII) delivered by Sacred Heart Mission (SHM), in partnership with the Victorian Government, is one of five social impact investments delivered under the Victorian Government’s Partnerships Addressing Disadvantage (PAD) initiative. The program seeks to address the compounding issues associated with long-term homelessness, including a lack of affordable housing, ongoing unemployment, mental health issues, substance abuse, unsuccessful transitions from state care or prison, relationship breakdowns and family violence.

The Department of Treasury and Finance (DTF) launched the PAD initiative as an innovative way to reduce deep‑seated disadvantage and provide better outcomes for vulnerable people in Victoria. The J2SI PAD was one of the first PAD transactions in Victoria, with service delivery commencing on 1 August 2018, with three cohorts of clients across a three-year service delivery period (see Table 1).

Table 1: J2SI SII PAD Cohorts

|  |  |  |
| --- | --- | --- |
| J2SI SII PAD Cohorts | Commencement | Completion |
| Cohort 1 | 1 August 2018 | 1 August 2021 |
| Cohort 2 | 1 August 2019 | 1 August 2022 |
| Cohort 3 | 1 August 2020 | 1 August 2023 |

The J2SI PAD was established in response to the Victorian Government’s increasing interest and appetite for Social Impact Bonds (SIBs) as an alternative to traditional funding models for social programs. Financing for the J2SI PAD came from several sources: the Victorian Government, a sole investor and guarantors. The Investor (Catholic Development Fund) provided $6 million in debt financing towards the program, to be repaid with interest using Government funding if payable outcomes were met, or repaid using contingent grants from guarantors if payable outcomes were not met. SHM also provided a first-loss guarantee to underwrite a portion of program delivery risks.

The J2SI program

The J2SI program was developed by SHM and is a housing first approach, coupled with three years of intensive wraparound support for clients.[[1]](#footnote-2) With a strengths-based lens, J2SI places people’s needs at the centre of service delivery.

There are five elements of the service model, as depicted below:

* Assertive case management and service coordination
* Housing access and sustaining tenancies
* Trauma-informed practice
* Building skills for inclusion
* Fostering independence

The program has been developed and refined by SHM over a period of time. The J2SI PAD was the third iteration of the program, and was preceded by a Pilot Randomised Controlled trial (RCT) (2009 – 2012)[[2]](#footnote-3) and a Phase 2 RCT (2016 – 2019).[[3]](#footnote-4) Following success of the J2SI PAD, SHM received further funding under the Early Intervention Investment Framework (EIIF) as part of the 2021-22 Budget to extend the program to an additional 120 clients using a payment-by-results (PbR) funding arrangement.

The J2SI program as a PAD

Although the J2SI program was established prior to its delivery as a PAD, the PAD delivered innovation in a number of ways. This included how the program was financed (and the inclusion of incentives) as well as how it sourced housing (using head leasing instead of relying entirely on social housing, noting that Housing First1F1F[[4]](#footnote-5) was always a core principle of J2SI prior to the PAD). The PAD enabled the J2SI program to scale up and service a greater number of clients (180 clients) compared to the Pilot (40 clients) and the Phase 2 RCT (60 clients). Table 2 outlines key elements of the J2SI PAD.

Table 2: Elements of J2SI as a PAD

| Element | Description |
| --- | --- |
| Eligibility | The J2SI PAD expanded the age up from 50 years to 65 years to enable support to the older demographic of homeless people in Melbourne.  It also removed the requirement of clients to be permanent residents as this was seen as unnecessary as clients needed to be eligible in order to receive benefits. |
| Access to housing | Public housing was provided by Department of Families, Fairness and Housing (DFFH)/Homes Victoria and community housing was provided by community housing providers.  Head leasing was administered through partnerships with Unison and Housing Choices Australia, and allowed clients to be housed more rapidly, applying the housing first principles. The head leased properties were used to support stable housing until clients were offered social housing or they could move into their own housing arrangement. |
| Funding/ financing | The J2SI PAD was funded through DFFH, and financed by the Catholic Development Fund and guarantors.  A contingency fund for head leasing - the head leasing contingency fund (HLCF) - was included in the development of the SII, for the purposes of cost variations and financial penalties.  The contingency fund enabled the program to have some margin of error in the modelling (which was agreed in the joint development phase). The contingency fund was in place in recognition of uncertainty around social housing supply.  The financial penalties were approximately equivalent to the amount required to head lease a property for one year. Penalties would be delivered when a client is in the position of exiting into homelessness at the end of the lease period, or where clients have not been housed in transitional or social housing within six months from their commencement as a client in the J2SI PAD. If the head leasing contingency fund was completely drawn down and no funds were available to be paid, the State would have been required to continue to pay the financial penalties as they were incurred. |
| Governance | The J2SI Operations Manual details the governance structure, authority and responsibilities required to deliver the PAD. The J2SI PAD was governed and managed day-to-day in partnership between the DFFH/Homes Victoria Government Contract Manager (GCM) and SHM, with an advisory role performed by a Joint Working Group (JWG) that featured representation from all key stakeholders involved in delivering the PAD (in particular DFFH/Homes Victoria, SHM, and DTF).  The collaborative governance structure and representation on the JWG enabled a structure to collectively work through challenges identified over the course of the program, and ensure solutions were found. |
| Payable outcomes | A more rigorous approach was required in regard to data collection, data quality, and analysis than for non-SII funded programs. This was due to the fact that data (from multiple sources, predominantly linked data and supplemented by case notes for the purposes of identifying whether the use of crisis accommodation was for family violence reasons) was used to determine the outcomes which, in turn, were used to deliver payments. |

The J2SI SII evaluation

KPMG was engaged to undertake a three-stage evaluation of the J2SI PAD:

* Stage 1: Formative evaluation. Focused on the implementation and establishment of the J2SI PAD in the first 12 months of its operation (completed September 2020);
* Stage 2: Interim evaluation. Focused on the preliminary outcomes of J2SI as a PAD on key stakeholder groups (clients, government and SHM) (completed December 2021);
* Stage 3: Final evaluation (this report). Focuses on the final outcomes and economic impact of J2SI as a PAD, where:

The outcomes of the J2SI PAD have been evaluated through an outcomes evaluation with consideration of outcomes for clients, SHM and government. The outcomes evaluation has focused on the impact of the SII funding mechanism; and

The economic impact of the J2SI PAD has been estimated by building on the findings of the outcomes evaluation and undertaking a cost-benefit analysis (CBA), estimating the incremental costs and benefits of the program relative to what could have been expected under ‘service as usual’.

The final evaluation has been guided by the below evaluation questions.

|  |  |  |
| --- | --- | --- |
| Evaluation component | Evaluation question | Evaluation sub-questions |
| Outcomes evaluation | * What were the outcomes of the J2SI PAD in light of its structure as a SII funding mechanism? * What factors impacted on the outcomes? | * Were the outcomes the same as when the program was implemented differently? * Can the outcomes be attributed to the program as a PAD? |
| Cost benefit analysis | * What was the economic and social impact of the J2SI PAD? | * What was the cost of implementing J2SI SII? Can the outcomes be attributed to the program as a PAD? * What are the direct and indirect economic and social benefits of implementing the J2SI PAD? |

### Overarching methodological approaches

The outcomes evaluation sought to answer the evaluation questions primarily through consultation with stakeholders, client outcomes data – via sources including payable outcome results, SHM’s Trauma Informed Client Support and Planning Outcomes Tool (TICSPOT[[5]](#footnote-6)) and the Victorian Social Investment Integrated Data Resource (VSIIDR) - along with program documentation. Where appropriate, qualitative and quantitative data sources have been triangulated to provide further insight into findings.

Building on the outcomes evaluation, the CBA has gone on to assess the extent to which J2SI service delivery as a PAD represents ‘value for money’. The CBA estimates incremental costs and benefits, relative to what might have occurred in the absence of the program under ‘service as usual’. For the purposes of this CBA, benefits were identified with consideration of the findings from the outcomes evaluation (i.e. what are the economic benefits associated with program outcomes) that were agreed in collaboration with the Evaluation Working Group (EWG) and draw heavily from statistical modelling of VSIIDR data.

A conceptual approach to the evaluation is provided in Figure 1 below, with evaluation inputs described further below.

Figure 1: Conceptual evaluation approach

The figure depicts the two evaluation components, the outcomes evaluation and the cost benefit analysis, and how these will be informed by evaluation questions, inputs, and analysis.

Outcome evaluation inputs included:

* **Payable outcome results** that are the results from the two outcomes measured as part of the J2SI PAD. Specifically, this included the proportion of J2SI PAD clients in stable housing and the change in clients’ hospital bed days at years two, three and four after commencement with the program, relative to a control group;
* **TICSPOT data**, containing client and case-worker self-reported outcomes collected at six-monthly intervals (from program commencement through to exit), relating to clients’ stable housing, health and wellbeing, independence, social inclusion and economic participation;
* **VSIIDR** data (a primary input into the CBA – see below), containing government administrative and service use data, that has been referred to in the outcomes evaluation chapter, to provide insight into how J2SI PAD clients’ service use changed over the duration of the service delivery period. The data presented in this section is based on observed outcomes, and differs from the data presented in the CBA which underwent statistical modelling to estimate the program effect;
* **Program documentation** including previous J2SI evaluation reports, meeting minutes from the JWG,2F[[6]](#footnote-7) and other documentation pertaining to J2SI PAD program costs and the PbR; and
* **Stakeholder interviews** (nine interviews) with 23 key stakeholders to gain insight into how the SII funding mechanism impacted delivery of the program and its outcomes.

Additional CBA inputs included:

* **VSIIDR** data has been used to identify J2SI client and comparator cohorts, for the purposes of estimating the J2SI PAD program effects on the use of government services, including health, mental health and alcohol and other drug (AOD) services, housing services, family violence services and corrections;
* **Service unit costs** provided by DTF. These costs represent the expected cost to the Victorian Government of providing one additional unit of service; and
* **Literature review** was undertakento substantiate identified benefits and to identify assumptions required for the CBA.

Evaluation findings

The outcomes evaluation found:

1. **The PAD supported the achievement of J2SI client outcomes**3F3F**[[7]](#footnote-8)**
2. **The PAD supported government outcomes, informing subsequent programs and policy**
3. **The PAD drove greater J2SI program accountability and rigour**
4. **The PAD resulted in new ways of working and capability uplift for SHM and government stakeholders.**

In many cases, these outcomes were not seen, to the same extent, in the iterations of the J2SI program that preceded the PAD (Pilot or Phase 2 RCT); however they are visible in the most recent iteration of the program, the PbR, as the PbR has been able to build on the learnings of the J2SI PAD and retains many of the value adding elements.

Table 3 provides a summary of the overarching outcomes, indicating whether the outcome was/is the same as when the program has been implemented differently (Pilot, Phase 2 RCT and/or PbR), in addition to indicating whether the outcome can be attributed to the program as a PAD.

Table 3: Summary of J2SI PAD outcomes in light of its structure as an SII

| What were the outcomes of the J2SI PAD in light of its structure as an SII funding mechanism? | Were the outcomes the same as when the program was implemented differently? | Can the outcomes be attributed to the program as a PAD? |
| --- | --- | --- |
| The PAD supported the achievement of J2SI client outcomes, through:   * Head leasing * Financial penalties and priority access * Cross-agency collaboration * Payable outcomes. | The J2SI PAD, overall, improved client outcomes to a greater extent than the Pilot and Phase 2 RCT iterations. PbR client outcomes have not yet been reported. The features of the J2SI PAD considered to have supported the outcomes (head leasing, financial penalties, cross-agency collaboration and payable outcomes) were introduced by the PAD, and have subsequently been included in the PbR with some refinements, as described on page 22. | Improved client outcomes cannot solely be attributed to the PAD, and are largely considered to flow from the program itself. However, the features of the PAD that were considered to have *supported the outcomes* (head leasing, financial penalties, cross-agency collaboration and payable outcomes) can be attributed and have been included in the PbR. |
| The PAD supported government outcomes, informing subsequent programs and policy, including:   * The PADs initiative * The EIIF * The J2SI PbR * Other housing first programs (Homelessness to a Home (H2H)). | The J2SI PAD has had a greater impact on broader government programs and policy, relative to the Pilot and Phase 2 RCT, with the J2SI PAD considered to have paved the way for the development of subsequent PADs, the J2SI PbR, the EIIF, and H2H. The greater impact of the PAD on programs and policy may, in part, be due to this iteration of the program being the first to receive substantive government funding, with the Pilot receiving no government funding and the Phase 2 RCT receiving a small Department of Health and Human Services (DHHS) grant. Policy impacts of J2SI PbR are yet to be seen, given the early stage of the program. | Stakeholders reported that the J2SI PbR would not have been pursued without the J2SI PAD and its learnings. Other PADs, the EIIF and H2H have all drawn from the learnings of the J2SI PAD, although these programs/policy have also been built on other factors, such as an increasing government appetite for SIBs and outcomes based models. |
| The J2SI PAD drove greater accountability and rigour, in areas relating to:   * Governance * Provision of social housing * Program data collection and analysis * Program monitoring, delivery and reporting. | The J2SI PAD introduced an increased level of accountability to collaboratively work through problems and provide suitable social housing offers, relative to previous program iterations, and has continued in the PbR. The PAD built on the approach taken to data analysis in the Phase 2 RCT, by introducing new data sources and analytical methods. The PAD also introduced new program monitoring and reporting elements that further increased rigour, notably the high degree of data quality in client records and continuum of care model. These elements have continued as part of the PbR. | The joint accountability of stakeholders to work through program challenges was strengthened by the J2SI PAD through its JWG and can, in part, be attributed to the SII mechanism. In addition, the increased level of accountability to provide suitable social housing can be attributed to the PAD, as it stemmed from the PAD’s financial penalties and cross-agency collaboration. The rigorous approach to data collection and analysis, in addition to program monitoring, delivery and reporting, was seen under previous iterations of J2SI, but was seen to have been enhanced as a result of the J2SI PAD. |
| The PAD resulted in new ways of working and capability uplift for J2SI government stakeholders, in areas relating to:   * Social impact investing and outcomes funding * Contracts * Evaluation * Internal analytical capability * Long term client support. | The J2SI PAD introduced several value adding ways of working, which resulted in capability uplift, that have continued to be developed/refined in the PbR, other PADs, housing first programs and the EIIF. This includes avoided cost modelling, linked data analysis, rigorous approaches to program evaluation, and exposure to working with clients in the long term. | DTF capability uplift can partly be attributed to delivery of the J2SI PAD, but it is noted that this sits within the broader PADs initiative. Similarly, SHM internal capability uplift can also partly be attributed to the PAD, as it prompted a need for analytical capability, in addition to impacting investing resourcing. Stakeholders however noted that the organisation’s focus on these areas pre‑dated the J2SI PAD. There is the potential to more fully embed learnings and processes associated with the J2SI PAD in departments outside of DTF. |

### Summary of client outcomes

The J2SI PAD resulted in improved client outcomes. Client outcomes have been measured through the analysis of payable outcome results, TICSPOT data, along with observational service use sourced from VSIIDR. A summary of client outcomes is provided below.

#### Stable housing

* The majority of J2SI PAD clients (average of 89.87 per cent)4F4F[[8]](#footnote-9) were in stable housing at their most recent measurement date, indicating that the program resulted in improved stable housing outcomes.
* In response to survey questions (scored between 1 and 5) relating to a client’s housing situation, the greatest improvement in survey score from program entry to exit related to the need for clients to manage housing related issues (+0.70)5F5F[[9]](#footnote-10) followed by the extent to which the client’s housing situation was meeting their needs (+0.64).

#### Health and wellbeing

* J2SI PAD clients saw a 50.38 per cent[[10]](#footnote-11) reduction in the average number of hospital bed days in the most recent 12 months prior to measurement compared to the baseline average at the time of evaluation reporting.
* In response to survey questions relating to clients’ health and wellbeing, the greatest improvement in survey score from program entry to exit related to clients being able to access treatment when they needed it (+0.57).
* When considering health services accessed by clients from baseline[[11]](#footnote-12) through to month 30 of the program, there was a reduction in average emergency department (ED) presentations per client per month from 0.30 to 0.14 (-53.96 per cent), partially offset by an increase in community health service hours from 0.02 to 0.08 (+256.13 per cent). This increase in community service use may have played a role in clients reducing their need to engage with the tertiary health system, signalling increased help seeking behaviour, considered to be a positive program outcome.

#### Independence

* J2SI PAD clients showed a slight improvement in areas relating to their independence. The greatest improvement in client surveys scores regarding independence related to clients’ feelings of having choice and control in their life (+0.46), followed by feeling as if they are making decisions that are right for them (+0.43).

#### Economic participation

* There was limited evidence to suggest that J2SI PAD clients increased their participation in economic activities, such as employment, volunteering and/or education, across the duration of the program. For some clients, their ability to partake was inhibited by COVID-19 related lockdowns. However, clients did report an improved level of satisfaction, and ability to take part in such activities, in addition to reporting improvements in their ability to manage their personal finances.
* The largest increase in survey questions regarding clients’ economic participation from program entry to exit related to their satisfaction and ability to take part in work, training and education, with an increase of +0.48.
* Clients reported a decline in their self-rate ability to pay for basic living expenses (-0.45), possibly related to the change in JobSeeker payments which were higher during the first two years of COVID-19, and more recent cost of living pressures.

#### Social participation

* J2SI PAD clients reported improvements relating to their social participation. The largest increase from program entry to exit related to their ability to access support from personal relationships (+1.08).

### Summary of CBA findings

With the outcomes evaluation demonstrating improved outcomes for clients across areas of stable housing, health and wellbeing, economic participation, increased social participation and increased independence, a CBA has been undertaken, building on these outcomes by linking them with associated economic benefits. These benefits primarily relate to the avoided cost resulting from the change in the way clients access government services (i.e. reduction in acute service use), and improvement in clients’ quality of life. A CBA measures incremental costs and benefits, relative to what might have occurred in the absence of the program. For the purposes of this CBA, a ‘service as usual’ non-intervention scenario has been assumed, and captures the cost of services that a J2SI PAD client would have been expected to access in the absence of the program, along with capturing the benefits they may still have realised.

Figure 2 Program outcomes and evaluation components

The figure depicts the program outcomes that contribute to the two evaluation components. The outcomes evaluation examines stable housing, health and wellbeing, economic participation, social participation, and independence. The cost benefit analysis examines changes in service use and improved quality of life. 

The CBA indicates that J2SI service delivery as a PAD represents ‘value for money’ with an estimated benefit cost ratio (BCR) of 2.20 and a Net Present Value (NPV) of $18.68 million over the analysis period6F6F[[12]](#footnote-13) It is noted that a conservative approach to the quantification of benefits has been taken, and the true economic benefit is likely higher.

Key drivers of the positive BCR and NPV include:

* A reduction in clients’ monthly use of clinical mental health services across all service types analysed, resulting in an avoided cost of $3.6 million across the analysis period;
* A reduction in clients’ monthly use of homelessness services across all service types analysed, resulting in an avoided cost of $8.8 million across the analysis period;
* A reduction in clients’ monthly days in custody, resulting in an avoided cost of $4.5 million across the analysis period; and
* An estimated improvement in the value of clients’ quality of life of $14.6 million.

In addition to seeing a decrease in the use of some services, J2SI PAD clients were found to increase their level of engagement with some community mental health, allied health, community supports, nursing services, family violence and sexual assault services. Consistent with the findings from the outcomes evaluation, this increased engagement may have contributed to a reduction in other tertiary services, and may signal increased help seeking behaviour.

Findings from the CBA result in a per participant net benefit of $350k over the full evaluation period (FY19 to FY34).[[13]](#footnote-14)

Table 4: Cost Benefit Analysis Outputs – Net Present Value

|  |  |
| --- | --- |
| Evaluation Values ($m, 2023-24$) |  |
| **Program Costs**  *Including program delivery, third party and head-leasing costs* |  |
| **Total costs** | **15.61 M** |
| **Avoided cost benefits** *Based on the analysis of J2SI PAD clients’ service use in VSIIDR relative to the counterfactual of not participating in the program* |  |
| ED | 0.41 M |
| Acute | 2.10 M |
| Non-admitted care | 0.02 M |
| Community health | -0.12 M |
| Community mental health | 0.20 M |
| Clinical mental health | 3.61 M |
| Homelessness services | 8.85 M |
| Corrections | 4.54 M |
| Ambulance | 0.72 M |
| Family violence & sexual assault services | -0.64 M |
| **Quality of life benefit** *Associated with being in stable housing relative to not participating in the program* |  |
| Improvement in Quality Adjusted Life Years Quality Adjusted Life Years | 14.6 M |
| **Total benefits** | **34.29 M** |
| **Results - Economic Performance Measures** |  |
| **Net Present Value (NPV)** | **18.68 M** |
| **Benefit Cost Ratio (BCR)** | **2.20** |

Unit costs for this analysis were sourced from Victorian Government data and are an input into the avoided cost benefit estimates and represent the expected cost to the Victorian government of providing an additional unit of service. While these costs are defined and applied on a per-unit basis, they are an average of both the fixed and variable costs of service provision and will not reflect the realised avoided cost of service provision arising from reduced service demand at the individual person level. The unit cost can change from year to year depending on when they are calculated and the data available (with an expectation these will change and be updated in the future).

Glossary

|  |  |
| --- | --- |
| Term | Definition |
| AOD | Alcohol and other drug |
| BCR | Benefit cost ratio |
| BAU | business-as-usual |
| CSI | Centre for Social Impact |
| CVDL | Centre for Victorian Data Linkage |
| COI | community of interest |
| CBA | Cost-benefit analysis |
| DFFH | Department of Families, Fairness and Housing |
| DTF | Department of Treasury and Finance |
| EIIF | Early Intervention Investment Framework |
| EWG | Evaluation Working Group |
| GCM | Government Contract Manager |
| HLCF | Head Leasing Contingency Fund |
| HDC | Homelessness Data Collection |
| HiiP | Homelessness Integrated Information Program |
| H2H | Homelessness to a Home |
| JWG | Joint Working Group |
| J2SI | Journey to Social Inclusion |
| NPV | Net present value |
| PAD | Partnerships Addressing Disadvantage |
| PbR | Payment by Results |
| PARC | Prevention & Recovery Care |
| QALY | Quality Adjusted Life Years |
| RCT | Randomised Controlled Trial |
| RMF | Resource Management Framework |
| SHM | Sacred Heart Mission |
| SIBs | Social Impact Bonds |
| SII | Social Impact Investment |
| TICSPOT | Trauma Informed Client Support and Planning Outcomes Tool |
| UWA | University of Western Australia |
| VSLY | Value of a Statistical Life Year |
| VHR | Victorian Housing Register |
| VSIIDR | Victorian Social Investment Integrated Data Resource |

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**Inherent Limitations**

This Summary Report has been prepared as outlined in the Scope Section. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

This Summary Report provides a summary of KPMG’s findings during the course of the work undertaken for the Department of Treasury and Finance under the terms of KPMG’s engagement letter dated 31 August 2021, and variation dated 27 July 2023. The contents of this Summary Report do not represent our conclusive findings, which are only contained in KPMG’s final detailed report issued to the Department of Treasury and Finance on 19 January 2024.

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To comply with the Commonwealth Government’s accessibility requirements for publishing on the internet, two versions of this Report are available: a KPMG-branded PDF version and an unbranded Microsoft Word version. The KPMG-branded PDF version of this Report remains the definitive version of this Report.

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A note on terminology

Within this report, a number of terms are used which are defined below. Some have been used interchangeably throughout the report, and this has been noted.

**J2SI PAD and J2SI Program**

The Journey to Social Inclusion (J2SI) program has been developed and delivered by Sacred Heart Mission (SHM), first implemented as a pilot in 2009. Throughout this report, where the findings focus on the J2SI program, this is how it is referred to.

Where the findings are related to the delivery of J2SI as a Social Impact Investment (SII) through the Partnerships Against Disadvantage (PAD) initiative from 2018, the term J2SI PAD is used.

**Non-intervention group**

To enable estimation of the effects of the J2SI program, an analysis dataset was constructed consisting of J2SI clients and people who never participated in J2SI (or similar programs) even though, at some point in time, they might have been plausibly eligible for the program. This group, referred to as the non-intervention group, was selected from the linked dataset by including people who met either of the following criteria:

* Recorded three consecutive years of at least 42 days of sustained homelessness service use each year; or
* Recorded three consecutive years of at least 30 days of sustained homelessness service use each year.[[14]](#footnote-15)

In the absence of an experimental setup, the non-intervention group, broadly comparable in terms of characteristics and outcomes, provided a basis for a difference-in-differences and statistical analysis of the impact of J2SI on utilisation outcomes.

# Introduction

The Journey to Social Inclusion (J2SI) Social Impact Investment (SII) delivered by Sacred Heart Mission (SHM), in partnership with the Victorian Government, is one of five social impact investments delivered under the Victorian Government’s Partnerships Addressing Disadvantage (PAD) initiative. The program seeks to address the compounding issues associated with long-term homelessness, including a lack of affordable housing, ongoing unemployment, mental health issues, substance abuse, failed transitions from state care or prison, relationship breakdowns and family violence.

KPMG has been engaged to undertake a three-stage evaluation of the J2SI PAD which was delivered as a SII. This document presents the final evaluation findings.

## Background and context

The Department of Treasury and Finance (DTF) launched the PAD initiative as an innovative way to reduce deep‑seated disadvantage and provide better outcomes for vulnerable people in Victoria. The J2SI PAD was one of the first PAD transactions in Victoria, with service delivery commencing on 1 August 2018, with three cohorts of clients across a three-year service delivery period (see Table 5).

Table 5: J2SI SII PAD Cohorts

|  |  |  |
| --- | --- | --- |
| J2SI SII PAD Cohorts | Commencement | Completion |
| Cohort 3.17F7F[[15]](#footnote-16) | 1 August 2018 | 1 August 2021 |
| Cohort 3.2 | 1 August 2019 | 1 August 2022 |
| Cohort 3.3 | 1 August 2020 | 1 August 2023 |

The J2SI PAD was established in response to the Victorian Government’s increasing interest and appetite for Social Impact Bonds (SIBs) as an alternative to traditional funding models for social programs. Financing for the J2SI PAD came from several sources: the Victorian Government, a sole investor and guarantors. The Investor (Catholic Development Fund) provided $6 million in debt financing towards the program, to be repaid with interest using government funding if payable outcomes were met, or repaid using contingent grants from guarantors if payable outcomes were not met. SHM also provided a first-loss guarantee to underwrite a portion of program delivery risks.

### The J2SI program

The J2SI program was developed by SHM and is a housing first approach, coupled with three years of intensive wraparound support for clients.8F8F[[16]](#footnote-17) With a strengths-based lens, J2SI places people’s needs at the centre of service delivery.

There are five elements of the service model:

* Assertive case management and service coordination
* Housing access and sustaining tenancies
* Trauma-informed practice
* Building skills for inclusion
* Fostering independence

**Intensive support and case management is provided to support clients to:**

* Obtain and stay in housing;
* Improve mental health and wellbeing;
* Resolve drug and alcohol issues;
* Build skills;
* Increase connection with the community; and
* Contribute to society through economic and social inclusion activity.

The J2SI program has been developed and refined by SHM over a period of time. The J2SI PAD was the third iteration of the program, and was preceded by a Pilot RCT (2009 – 2012) and a Phase 2 RCT (2016 – 2019). Following success of the J2SI PAD, SHM received further funding as part of the 2021-22 budget to extend the program to an additional 120 clients using a payment-by-results funding arrangement (PbR) with the Victorian Government, funded under the EIIF. The four iterations of J2SI program are outlined below.

Table 6: J2SI program iterations

|  |  |  |  |
| --- | --- | --- | --- |
| 2009 - 2012 | 2016 - 2019 | 2018 - 2023 | 2021 - 2026 |
| J2SI Pilot   * One cohort of 40 clients * Philanthropic and SHM funding * The J2SI Pilot was delivered to 40 clients in St Kilda, evaluated against a randomised control trial group using conventional services. | J2SI Phase 2 RCT   * One cohort of 60 clients * Philanthropic and SHM funding + DHHS grant * Building on findings from the Pilot, the program was refined and expanded to 60 participants from Melbourne’s inner-north, through partnerships with VincentCare (Ozanam House) and St Mary’s House of Welcome. | J2SI SII PAD   * Three cohorts of 60 clients * DHHS/DFFH funding, financed by the Catholic Development Fund and guarantors * Incorporating learnings from the Pilot and RCT, 180 people are funded by an outcomes-based funding mechanism demonstrating the efficacy of replicating J2SI on a larger scale and paving the way for the replication of the model in other states and territories across Australia. | J2SI PbR   * Two cohorts of 60 clients * Victorian Government funding, under the EIIF * 120 people are funded by a payment by results contract with the Victorian Government. This contract builds on the results being achieved under the PAD and does not require an external investor. Instead, a portion of funding is subject to achieving performance targets. |

### The J2SI program as a PAD

Although the J2SI program was well established prior to its delivery as a PAD, the PAD delivered innovation in a number of ways. This included how the program was financed (and the inclusion of incentives) as well as how it sourced housing (using head leasing instead of relying entirely on social housing, noting that Housing First9F9F[[17]](#footnote-18) was always a core principle of J2SI prior to the PAD). The J2SI PAD was the first iteration fully funded by the Victorian Government, and enabled the program to scale up and service a greater volume of clients (180 clients) compared to the Pilot (40 clients) and the Phase 2 RCT (60 clients). Table 7 outlines key elements of the J2SI PAD.

Table 7: Key elements of J2SI as a PAD

| Element | Description | Result of element |
| --- | --- | --- |
| Eligibility | * Clients must meet a specific definition of chronic homelessness through self-reporting and referral agency confirmation which includes sleeping rough continuously for a minimum of one year and are identified as being homeless and/or are currently homeless and have experienced three or more episodes of homelessness over the past three-year period. * Be receiving (or have received) a short-term case management and support planning response from a homelessness provider. * Are aged between 25 and 65 years at the time of commencement of the program. * Agree and are able to provide informed consent to participate. | The J2SI PAD expanded the age from 50 years to 65 years to enable support to the older demographic of homeless people in Melbourne.  It also removed the requirement of clients to be permanent residents as this was seen as unnecessary as clients needed to be eligible to receive benefits. |
| Access to housing | The J2SI PAD supported rapid access to housing through social housing (public and community) and head leased properties. This moved away from previous phases of J2SI, where the predominant form of housing was public housing (with community housing used in the Phase 2 RCT). Social housing allocations were made to J2SI in addition to individual client allocations.  The head leasing properties used in the J2SI PAD were agreed to be identified as transitional housing. J2SI PAD clients also had their VHR applications back dated to reflect the time they had spent homeless.  The provision of housing through the private market (i.e. through head leasing) was an aspect of innovation within J2SI PAD. | Public housing was provided by Department of Families, Fairness and Housing (DFFH)/Homes Victoria and community housing provided by community housing providers.  Head leasing was administered through partnerships with Unison and Housing Choices Australia, and allowed clients to be housed more rapidly, applying the housing first principles. The head leased properties were used to support stable housing until clients were offered social housing or they could move into their own housing arrangement. |
| Funding/ financing | The J2SI PAD was funded through DFFH, and financed by the Catholic Development Fund and guarantors.  A contingency fund for head leasing – the head leasing contingency fund (HLCF) - was included in the development of the SII, for the purposes of cost variations and financial penalties. | The contingency fund enabled the program to have some margin of error in the modelling (which was agreed in the joint development phase). The contingency fund was in place in recognition of uncertainty around social housing supply.  The financial penalties were approximately equivalent to the amount required to head lease a property for one year. Penalties would be delivered when a client is in the position of exiting into homelessness at the end of the lease period, or where clients have not been housed in transitional or social housing within six months from their commencement as a client in the J2SI PAD. If the head leasing contingency fund was completely drawn down and no funds were available to be paid, the State would have been required to continue to pay the financial penalties as they were incurred. |
| Governance | The J2SI Operations Manual details the governance structure, authority and responsibilities required to deliver the PAD. The J2SI PAD was governed and managed day-to-day in partnership between the DFFH/Homes Victoria Government Contract Manager (GCM) and SHM, with an advisory role performed by a Joint Working Group (JWG) that featured representation from all key stakeholders involved in delivering the PAD (in particular DFFH/Homes Victoria, SHM, and DTF). | The collaborative governance structure and representation on the JWG enabled a structure to collectively work through challenges identified over the course of the program, and ensure solutions were found. |
| Payable outcomes | Two payable outcome measures (percentage of clients in stable housing and reduction in number of hospital bed days) were incorporated into the PAD to monitor program performance. Performance against these outcomes was used to determine the performance payments to SHM. Linked government administrative data was used to calculate payable outcomes, and was validated by additional data captured by SHM service delivery staff.  Definitions of each payable outcome were agreed during the joint development phase. | A more rigorous approach required around data collection, data quality, and analysis than for non‑SII funded programs. This was due to the fact that data (from multiple sources, predominantly linked data and supplemented by case notes for the purposes of identifying whether the use of crisis accommodation was for family violence reasons) was used to determine the outcomes which in turn were used to deliver payments. |

### The J2SI PAD evaluation

KPMG was engaged to undertake a three-stage evaluation of the J2SI PAD:

* Stage 1: Formative evaluation. Focused on the implementation and establishment of the J2SI PAD in the first 12 months of its operation (completed September 2020);
* Stage 2: Interim evaluation. Focused on the preliminary outcomes of J2SI as a PAD on key stakeholder groups (clients, government and SHM) (completed December 2021); and
* Stage 3: Final evaluation (this report). Focuses on the final outcomes and economic impact of J2SI as a PAD. With this in mind, the final evaluation has included:

Outcomes evaluation focusing on the impact of the SII funding mechanism on the J2SI program, with consideration of J2SI clients, SHM and government; and

Cost-benefit analysis (CBA) that builds on the findings from the outcomes evaluation, by assessing the extent to which J2SI service delivery as a PAD represents ‘value for money’.

Findings from evaluation Stages 1 and 2 are provided below, with further details on the approach to the final evaluation provided in [Chapter 4](#_Evaluation_overview).

## Summary of Stages 1 and 2 Evaluation Findings

### Stage 1 Formative Evaluation

The formative evaluation questions focused on program fidelity, efficiency and effectiveness, and future opportunities, and were investigated and answered through the use of a range of data collection methods. The methods included: a desktop review, interviews with stakeholders, analysis of time and resource cost data as well as a review of international insights. Data from different sources was triangulated to enable a balanced analysis of information, and to support a holistic response to key evaluation questions.

Key findings included:

* Program design. The evaluation found that, although fundamental elements of the J2SI program remained the same as previous iterations of the program, the governance, formal collaboration structures, and the funding model underpinning the program were significant changes when the program became a SII;
* Implementation. Government stakeholders agreed that J2SI was successfully scaled up, and that it was helpful to implement an existing evidence-based service. It was also found that, as the program had been implemented twice as an RCT, work had already gone into measuring and defining program outcomes, providing SHM with confidence to deliver the outcomes required;
* There was no evidence of net widening when the program was scaled, and the evaluation reported that the caseworker was central to the program, with agency practices refined to support staff recruitment and retention. This included expanding audiences and channels for engaging potential recruits, and initiatives to try to prevent burn out;
* Two key challenges in implementation related to housing supply and measurement. Specifically, the lack of housing supply, and the data requirements not being backed up with detail on how and who within DHHS would source the data, along with data-linkage being more complex than initially envisaged;
* Effectiveness and efficiency. Regarding implementation effectiveness, the program was found to have detailed planning in place, strong organisational support and capability, and strong data monitoring and review processes. Regarding implementation efficiency, stakeholders reported that the transaction required a high level of investment in time and preliminary costings and were aligned with this finding; and
* Other jurisdictions. The reviewed found that SIIs can be successfully designed and implemented, but also showed that, in some instances, there have been significant challenges. Early implementation of J2SI as a SII was considered to be relatively successful from an implementation perspective.
* Stage 2 Interim Evaluation

The preliminary evaluation questions focused on the preliminary outcomes of the J2SI PAD in light of its structure as a SII funding mechanism for government, clients and SHM. Data sources included client outcomes data measured by payable outcomes and other client data collected by TICSPOT, stakeholder interviews, and a review of program documentation.

* Key findings included:
* The program was implemented and operated with high model fidelity;
* There was an improvement in client outcomes. The head leasing embedded in the PAD was seen as a key enabler of this;
* The Implementation Agreement strengthened overarching government and SHM accountability and rigour;
* There was increased program collaboration and co-development between government and SHM;
* The program complexity resulted in a heavier than anticipated workload for those involved in the program;
* The innovation embedded into the design of the J2SI PAD enabled learnings to be embedded across other government initiatives;
* The complexity and implementation challenges were seen as a challenge to broader implementation. However, the learnings from the J2SI PAD have been used to develop other outcomes-based funding mechanisms; and
* The J2SI PAD may have unintended consequences for the allocation of social housing for people outside of the program.

## Structure of this report

This final evaluation report is structured as follows:

* [**Introduction (this chapter)**](#_Introduction) provides an overview of the evaluation background, including context as it relates to J2SI as a program and as a PAD, in addition to summarising the findings from the formative and interim evaluations.
* [**Evaluation overview**](#_Evaluation_overview) details the final evaluation questions, approach, methods, strengths and limitations.
* [**Outcomes evaluation**](#_Outcomes_evaluation) presents the findings from the outcomes evaluation stream, which focuses on the impact of the PAD funding mechanism on the J2SI program, with consideration of J2SI clients, SHM and government.
* [**CBA**](#_Cost_benefit_analysis) presents the findings from the J2SI PAD CBA, comparing costs and benefits achieved by J2SI PAD clients relative to what could have been expected under ‘service as usual’.
* Appendices include:
* Appendix A. Provides a summary of evaluation findings against the outcomes identified in the guiding program logic.
* Appendix B. Summarises key outcomes for government and SHM.

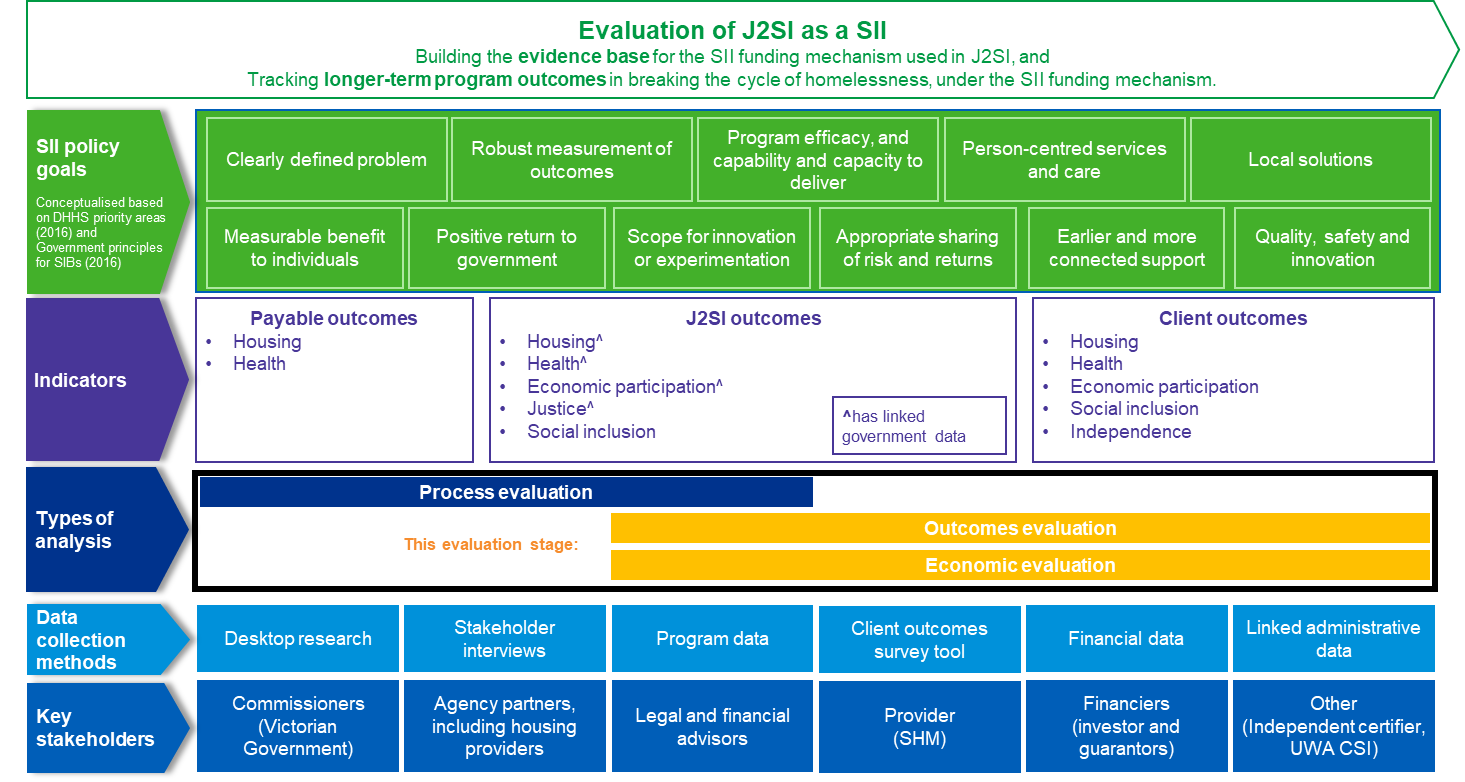
# Evaluation overview

This section provides an overview of the evaluation approach, and documents the evaluation’s guiding principles, key evaluation questions, data sources and methods, along with stating the strengths and limitations of the evaluation.

## Conceptual approach and principles

The conceptual approach to the evaluation is provided below (Figure 3). The conceptual approach centres around a mixed-method evaluation, which seeks to use multiple data sources and analysis methods to answer key evaluation questions.

Figure 3: Conceptual approach to the evaluation

****

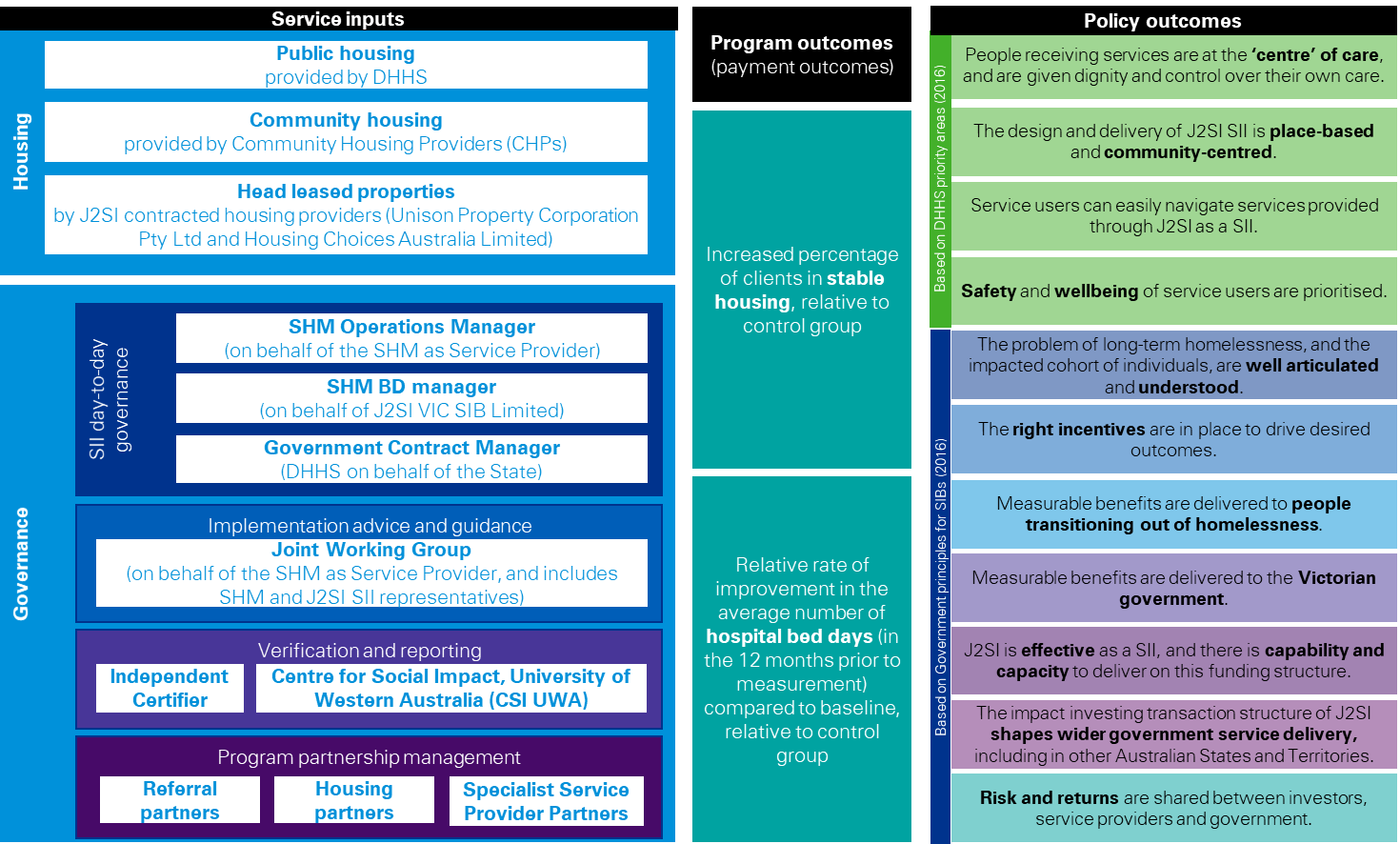
A set of five key evaluation principles were used to guide the evaluation:

* The evaluation method is rigorous and credible;
* The analysis is strategic and practical for key stakeholders;
* Evaluation questions are simple and clear;
* Unnecessary duplication with previous reviews and evaluations is avoided by building upon existing data and knowledge; and
* Scope is clearly defined, and limitations (including gaps in data) are acknowledged from the outset.

### Program logic

A program logic for the J2SI PAD was developed as part of the Evaluation Framework and is shown in Figure 4. The program logic helped to frame the three stages of the evaluation, including the evaluation’s initial design and the approach to data collection (including qualitative data gained through stakeholder consultation). A summary of final evaluation findings against the outcomes identified in the program logic can be found in Appendix A.

Figure 4: J2SI PAD program logic



### Evaluation questions

Across the three stages of the evaluation, questions have guided the collection of data. Table 8 outlines the guiding questions for the final outcomes evaluation and CBA.

Table 8: Final evaluation questions and sub-questions

|  |  |  |
| --- | --- | --- |
| Evaluation component | Evaluation question | Evaluation sub-questions |
| Outcomes evaluation | * What were the outcomes of the J2SI PAD in light of its structure as an SII funding mechanism? * What factors impacted on the outcomes? | * Were the outcomes the same as when the program was implemented differently? * Can the outcomes be attributed to the program as a PAD? |
| Cost benefit analysis | * What was the economic and social impact of the J2SI PAD? | * What was the cost of implementing J2SI SII? * What are the direct and indirect economic and social benefits of implementing the J2SI PAD? |

### Overarching methodological approaches

The outcomes evaluation sought to answer the evaluation questions primarily through consultation with stakeholders, client outcomes data – via sources including payable outcome results, TICSPOT[[18]](#footnote-19) and the Victorian Social Investment Integrated Data Resource (VSIIDR) – along with program documentation. Where appropriate, qualitative and quantitative data sources have been triangulated to provide further insight into findings.

The CBA has built on the findings of the outcomes evaluation by assessing the extent to which the J2SI PAD represents ‘value for money’. The CBA incorporates established methods to support the estimation of incremental costs and benefits, relative to what might have occurred in the absence of the program under ‘service as usual’. For the purposes of this CBA, included benefits were identified with consideration of the findings from the outcomes evaluation (i.e. what is the economic benefit associated with program outcomes), were agreed in collaboration the EWG and draw heavily from statistical modelling of VSIIDR data.

A conceptual approach to the evaluation is provided in Figure 5. Further detail on the evaluation inputs is provided in the section that follows.

Figure 5: Conceptual evaluation approach

The figure depicts the two evaluation components, the outcomes evaluation and the cost benefit analysis, and how these will be informed by evaluation questions, inputs, and analysis.

## Evaluation inputs

Both the outcomes evaluation and CBA have been fed by a range of quantitative and qualitative inputs, as highlighted in Figure 5 above. These inputs are discussed below.

### Quantitative data sources

Key quantitative sources include:

#### Payable outcome results

Payable outcome results refer to the two outcomes measured as part of the J2SI PAD for the purposes of the outcomes payment. The two payable outcome measures are:

* **Stable housing:** the percentage of J2SI PAD clients in stable housing (head leased property or social housing) at the measurement date, who have not used crisis accommodation except for family violence reasons, compared to a control group[[19]](#footnote-20); and
* **Hospital bed days:** the improvement in the average number of hospital bed days in the 12 months prior to the measurement date compared to the baseline average number of hospital bed days in the year before entering the program, of J2SI PAD clients compared to a control group.

At the time of final evaluation reporting (October – November 2023), results were available for:

* Cohorts 1 and 2: 24 months, 36 months and 48 months; and
* Cohort 3: 24 months and 36 months (with 48 month measurement to be performed in 2024).

To calculate the two payable outcomes, the Centre for Victorian Data Linkage (CVDL) linked relevant unit records for J2SI PAD and control group clients within VSIIDR, which comprises a range of administrative datasets covering health and housing, education, and crime and safety, for the period January 2015 to October 2019.

The control group clients represent a historical control established for the purposes of the J2SI Phase 2 RCT. After being assessed for eligibility, providing written, informed consent and following the completion of a baseline survey, participants in the J2SI Phase 2 RCT were randomised to the J2SI program or to existing service as usual. Randomisation outcomes were determined through a shuffled envelope system in line with the recommendation of SHM.

The decision to use the historical control group for the J2SI PAD was driven by the ethical implications of preventing chronically homeless people from accessing J2SI for a second time if they were again randomised into the control group as part of the PAD. In order to be able to use the historical control for the J2SI PADs payable outcomes, the University of Western Australia (UWA) Centre for Social Impact (CSI), responsible for the Phase 2 RCT, was paid to perform calculations under the SII outcome payment definitions as an extension to the Phase 2 RCT.

#### SHM’s Trauma Informed Client Support and Planning Outcomes Tool (TICSPOT)

The TICSPOT survey data contains J2SI PAD client and case-worker self-reported outcomes, relating to clients’ stable housing, health and wellbeing, independence, social inclusion and economic participation, collected at six‑monthly intervals from program commencement (initial survey) through to exit (exit survey) and used as part of case management.

While the TICSPOT survey results are not used directly to generate payable outcomes for the PAD, they provide further insights into program outcomes for clients. Most survey questions provide respondents with five possible response options, with a score automatically generated depending on the response. Generated scores are between 1 and 5, with a score of 1 indicating a ‘low/negative’ response to a question, and a score of 5 indicating a ‘high/positive’ response to a question. It is noted that completion of the TICSPOT survey was not mandatory throughout the J2SI PAD.

#### The Victorian Social Investment Integrated Data Resource (VSIIDR)

For the purposes of the CBA, KPMG was provided access to VSIIDR to gain insight into how the J2SI PAD program impacted clients’ use of government services – one of the program’s key benefits. Since VSIIDR contains a wide range of datasets, some of which were deemed irrelevant for the purposes of this evaluation (e.g. data sets relating to school based programs such as NAPLAN), KPMG, along with the EWG, agreed a set of services, and service variables, for inclusion in the data, which covered health, mental health and alcohol and other drug (AOD), housing services, family violence services and corrections. Data was accessed for J2SI PAD clients, along with a non-intervention group representing ‘service as usual’.

##### Developing a non-intervention group to support analysis

The non-intervention group was identified within the data using a set of filters designed by DTF aligned to the J2SI PAD’s program eligibility criteria, and enabled the incremental change in clients’ service use (the effect) to be calculated – consistent with the approach to the CBA which measures incremental costs and benefits.

The linked service use data has also been referred to in the outcomes evaluation chapter, to provide insight into how J2SI PAD clients’ service use changed over the duration of the service delivery period. The data presented in this section is based on observed outcomes, and differs from the data presented in the CBA which underwent statistical modelling to estimate the program effect.10F10F

##### Service unit costs

To monetise the J2SI PAD program effects for the purposes of the CBA, service unit costs provided by DTF have been used. Unit costs are an input into the avoided cost benefits estimates and represent the expected cost to the Victorian government of providing an additional unit of service. While these costs are defined and applied on a per-unit basis, they are an average of both the fixed and variable costs of service provision and will not reflect the realised avoided cost of service provision arising from reduced service demand at the individual person level. The unit cost can change from year to year depending on when they are calculated and the data available (with an expectation these will change and be updated in the future).

Introduced in 2021-22, the EIIF is part of the Victorian State Budget process, and was established in recognition of the importance of investing in early intervention initiatives to reduce government spending and pressure on acute services. The EIIF provides a funding pathway for early intervention initiatives that demonstrate expected avoided costs for Victorian Government services in the 10 years following the provision of funding. To do this, the EIIF draws heavily on VSIIDR data, along with the standardised and current set of service unit costs described above. Further information on the EIIF is provided on page 30.

##### Literature review

A review of existing literature was undertaken to substantiate identified benefits and to identify assumptions required in the CBA.

### Qualitative data sources

Key qualitative data sources include:

#### Program documentation

Reviewed program documentation includes:

* Previous J2SI Evaluation reports – including previous PAD Evaluations (Stages 1 and 2) and final J2SI Pilot[[20]](#footnote-21) and Phase 2 RCT[[21]](#footnote-22) reports;
* Meeting minutes from the JWG; and
* Other documentation such as documentation pertaining to J2SI PAD program costs and the PbR.

#### Stakeholder interviews

Below is a summary of the stakeholder interviews conducted for this evaluation. In total, 23 key stakeholders were interviewed across nine interviews.

Table 9: Count of stakeholder interviews

|  |  |  |
| --- | --- | --- |
| Stakeholder | Interview focus | Number of people |
| SHM | Executive | 4 |
| SHM | Service delivery | 2 |
| SHM | Service delivery | 2 |
| DTF | Executive | 1 |
| DTF | Governance | 6 |
| Homes Victoria/DFFH | Governance | 2 |
| Homes Victoria/DFFH | Housing | 2 |
| Homes Victoria/DFFH | Housing | 1 |
| Homes Victoria/DFFH | Data analysis | 3 |
| **Total** | **9 Interviews** | **23** |

## Strengths and limitations

### Strengths

There were a number of strengths in this evaluation, including:

* **Evaluation findings were derived from both qualitative and quantitative data sources:** Gathering and analysing both forms of data allowed for the triangulation of qualitative insights (from interviews and program documentation) with quantitative analysis (from payable outcomes, TICSPOT and VSIIDR), to provide further insight into findings.
* **A diverse range of stakeholders were interviewed:** As part of the data collection phase, this evaluation interviewed stakeholders from across the departments and organisations that had a role in delivering the J2SI PAD. This included service delivery staff, SHM Executives, individuals involved in analysing outcomes data for the program, and government stakeholders. This group of stakeholders allowed the evaluation to consider a wide range of observations, representative of diverse experiences in delivering the program.
* **The use of TICSPOT data provides client and caseworker voice:** This evaluation was strengthened by analysis of the TICSPOT survey data, which includes both client and caseworker responses against five client outcome measures. This allowed the evaluation to consider client outcomes from different angles, some of which were affected to different extents by confounding factors, including COVID-19.
* **Access to VSIIDR data**: In many cases, CBAs are reliant on a set of assumptions regarding a program’s impact on broader service use, along with being unable to control for confounding variables. The CBA’s use of VSIIDR to calculate benefit, and the statistical methods it enabled, helped to mitigate these common limitations, and added an additional layer of validity and rigour to the results. The statistical analysis of the linked dataset addresses a number of confounding issues common in comparisons of observed outcomes, and provides direct evidence of the effects that the J2SI PAD had across a range of service utilisation outcomes.

### Limitations

A number of limitations around the evaluation were identified, including:

* **Isolating the impact of the SII funding mechanism.** The focus of the outcomes evaluation stream was on the impact of the SII funding mechanism on delivery of the J2SI program and outcomes for clients, SHM and government. There were limitations in the ability of this evaluation to definitively ascribe changes in program outcomes to aspects of the mechanism, due to:
* Stakeholders interviewed did not consistently have experience or knowledge of the J2SI program prior to it becoming a PAD, there were therefore limited opportunities for direct comparison between the Phase 2 RCT and J2SI PAD; and

There were potential confounding variables separate to the PAD, which likely influenced outcomes during J2SI PAD but were not present in previous phases (notably the COVID-19 pandemic).

* **The evaluation did not consult clients directly as part of the interview process:** Not engaging with clients meant that the evaluation was unable to gather or analyse J2SI client responses around their perceived outcomes, experiences with the program, and barriers and enablers from their perspective, apart from their completion of the TICSPOT surveys. Client interview data, which was out of scope for this evaluation, may have added additional insight into client outcomes, complimenting the data collected via the TICSPOT survey.
* The use of a control group to calculate payable outcomes that has not had the experience of COVID-19 and policy changes that resulted: As previously stated, the decision was made during the J2SI PAD design stage to use the same control group outcomes data that had been collected during the Phase 2 RCT evaluation of J2SI due to ethical considerations.11F11F[[22]](#footnote-23) This decision was made without the knowledge of COVID-19 and the disruption it would cause, particularly the implication on the policy and program environment of homelessness services. As such, the comparability of the Phase 2 RCT control group and the intervention group of J2SI PAD clients may have been impacted, and this impact should be considered. It is recognised that establishing a new control group was not feasible, given the practicality of doing so, in addition to the broader ethical and policy implications, including the significant support being provided to almost 2,000 people through the Homelessness to a Home (H2H) program.

# Outcomes evaluation

|  |
| --- |
| **Key evaluation questions guiding the outcomes evaluation:**   * What were the outcomes of the J2SI PAD in light of its structure as a SII funding mechanism? * Were the outcomes the same as when the program was implemented differently? * Can the outcomes be attributed to the program as a PAD? * What other factors influenced the outcomes? |

The outcomes evaluation stream focused on the delivery of the J2SI PAD, focusing on the impact of the SII funding mechanism on outcomes with consideration of J2SI clients, SHM and government agencies (DTF, DFFH and Homes Victoria).

This section presents the findings from the outcomes evaluation, structured to reflect the evaluation and sub‑evaluation questions.

## What were the outcomes of the J2SI PAD in light of its structure as a SII funding mechanism?

Consultation with key stakeholders, and the analysis of client outcomes data, has found the following overarching outcomes of the J2SI PAD in light of its SII funding mechanism:

1. ***The PAD supported the achievement of J2SI client outcomes***
2. ***The PAD supported government outcomes, informing subsequent programs and policy***
3. ***The PAD drove greater J2SI program accountability and rigour***
4. ***The PAD resulted in new ways of working and capability uplift for SHM and government stakeholders.***

In many cases, these outcomes were not seen, to the same extent, in the iterations of the J2SI program that preceded the PAD (Pilot or Phase 2 RCT); however, they are visible in the most recent iteration of the program, the PbR, as the PbR has been able to build on the learnings of the J2SI PAD and retain many of the value adding elements. Each finding is explored in more detail below.

### The PAD supported the achievement of client outcomes

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| What were the outcomes of the J2SI PAD in light of its structure as a SII funding mechanism? | The PAD supported the achievement of J2SI client outcomes, through:  Head leasing  Financial penalties and priority access  Cross-agency collaboration  Payable outcomes. |
| Were the outcomes the same as when the program was implemented differently? | The J2SI PAD, overall, improved client outcomes to a greater extent than the Pilot and Phase 2 RCT iterations. PbR client outcomes have not yet been evaluated due to the early stage of the program.  The features of the J2SI PAD considered to have supported the outcomes (head leasing, financial penalties, cross-agency collaboration and payable outcomes) were introduced by the PAD and have gone on to be included in the PbR. |
| Can the outcomes be attributed to the program as a SII? | Improved client outcomes cannot solely be attributed to the PAD and its funding mechanism, and are largely considered to flow from the program itself. However, the features of the J2SI PAD that were considered to have supported the outcomes (head leasing, financial penalties, cross-agency collaboration and payable outcomes) can be attributed to, and have been included in, the PbR. |
| *Has there been a change in findings from the interim evaluation?* | *Key drivers of improved outcomes are consistent with findings in the interim evaluation.* |

The PAD supported an improvement in J2SI PAD client outcomes in areas of stable housing, health and wellbeing, independence, economic participation and social inclusion. There is evidence to suggest that achievement of these outcomes was greater compared to previous iterations of the program (when comparing payable outcomes between the PAD and Phase 2 RCT).12F12F

Improvement in J2SI PAD client outcomes from baseline is demonstrated when considering the measurement of the two payable outcomes, client self-reported outcomes via the TICSPOT survey, and the observational analysis of VSIIDR data. Each of these data sources provides a different view of client outcomes that, when considered together, provides deeper insight. Direct comparisons between these different data sources should consider the different contexts in which the data was collected and the purpose it serves (page 12).

A summary of improved client outcomes is provided below. This section then goes on to discuss how the SII mechanism supported the achievement of client outcomes.

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| **Stable housing** |
| Key findings:   * The majority of J2SI PAD clients (average of 89.87 per cent)4F4F[[23]](#footnote-24) were in stable housing at the most recent measurement date, indicating that the program resulted in improved stable housing outcomes. * In response to survey questions (scored between 1 and 5) relating to a client’s housing situation, the greatest improvement in survey score from program entry to exit related to the need for clients to manage housing related issues (+0.70)5F5F[[24]](#footnote-25) followed by the extent to which the client’s housing situation was meeting their needs (+0.64). |

The majority of J2SI PAD clients were considered to be in stable housing at the most recent measurement date, indicating that the program resulted in improved stable housing outcomes. More specifically:

* 92.45 per cent (n=53) of J2SI PAD Cohort 3.1 were in stable housing at the final 48 month payable outcomes reporting period, representing an improvement of 39.42 per cent on the control group;
* 84.31 per cent (n=51) of J2SI PAD Cohort 3.2 were in stable housing at the final 48 month payable outcomes reporting period, representing an improvement of 31.28 per cent on the control group; and
* 92.86 per cent (n=56) of J2SI PAD Cohort 3.3 clients were in stable housing at the 36 month payable outcomes reporting period, representing an improvement of 53.52 per cent on the control group.13F13F[[25]](#footnote-26)

In response to questions relating to their housing situation collected via the TICSPOT survey, J2SI PAD clients reported slight improvements in self-reported outcomes from program commencement through to exit.[[26]](#footnote-27),[[27]](#footnote-28),[[28]](#footnote-29) Clients reported that:

* In response to the question ‘*to what extent does where you live currently meet your needs?*’ the average score increased by +0.64 from 3.32 (n=97) to 3.96 (n=96), where a score of three represents *‘somewhat’* and a score of four represents *‘considerably’*;
* In response to the question ‘*how often do you feel safe where you currently live?*’ the average score increased by +0.27 from 3.89 (n=98) to 4.16 (n=96), where a score of four represents ‘*most of the time’*;
* In response to the question ‘*how satisfied are you with where you currently live?*’ the average score increased by +0.43 from 3.32 (n=98) to 3.75 (n=96), where a score of three represents ‘*neutral’* and a score of four represents ‘*satisfied’*; and
* In response to the question ‘*how often do you need to manage issues with your housing?*’ the average score increased by +0.70 from 2.77 (n=93) to 3.64 (n=96), where a score of three represents ‘*sometimes’* and a score of four represents ‘*rarely’* (Figure 6).

A similar trend is seen when considering client responses to most of the questions regarding their housing[[29]](#footnote-30), with scores increasing initially to Review 2, decreasing slightly to Review 5, and increasing again to Exit.[[30]](#footnote-31)

Figure 6: Average score of J2SI PAD client survey to questions relating to housing[[31]](#footnote-32),[[32]](#footnote-33)

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| **Health and wellbeing** |
| Key findings:   * J2SI PAD clients saw a 50.38 per cent[[33]](#footnote-34) reduction in the average number of hospital bed days in their most recent 12 months prior to measurement compared to the baseline average at the time of evaluation reporting. * In response to survey questions relating to clients’ health and wellbeing, the greatest improvement in survey score from program entry to exit related to clients being able to access treatment when they needed it (+0.57). * When considering health services accessed by clients from baseline[[34]](#footnote-35) through to month 30 of the program, there was a reduction in average ED presentations per client per month from 0.30 to 0.14 (-53.96 per cent), partially offset by an increase in community health service hours from 0.02 to 0.08 (+256.13 per cent). This increase in community service use may have played a role in clients reducing their need to engage with the tertiary health system, signalling increased help seeking behaviour, considered to be a positive program outcome. |

J2SI PAD clients reported improvements in self-reported health and wellbeing outcomes from program commencement through to exit. Clients reported that:

* In response to questions asking *how often physical health, mental health and/or AOD related issues were getting in the way of what they wanted to do*, the average score increased by +0.17 from 3.28 (n=100) to 3.45 (n=96), where a score of three represents ‘*sometimes’*;
* In response to questions asking *how often they were accessing treatment when they needed it*, the average score increased by +0.57 from 3.34 (n=100) to 3.91 (n=96), where a score of three represents *‘sometimes’* and a score of four represents ‘*most of the time’*; and
* In response to questions asking *how satisfied they were with the treatment they were receiving*, the average score increased by +0.17 from 3.91 (n=43) to 4.09 (n=96), where a score of four represents ‘*satisfied’* (Figure 7).

Figure 7: Average score of J2SI PAD client survey to questions relating to health

As described, the greatest improvement in survey score from program entry to exit related to clients being able to access treatment when they needed it (+0.57). When breaking this down by treatment type, at program exit, clients reported accessing AOD treatment when they needed it more than physical and/or mental health treatment and GPs (Figure 8). This differed to at the start of the program, where clients reported accessing physical health treatment the most, followed by AOD related treatment, GPs and mental health treatment.

Figure 8: Average score of J2SI PAD client survey to questions relating to health service access

How improvements in clients’ self-reported health and wellbeing outcomes translated into health service use has been explored by considering J2SI PAD client hospital bed days, calculated for the purposes of the outcome payments, in addition to observational analysis of VSIIDR data for select services.

When considering the results of the payable outcomes measurement, J2SI PAD clients saw a reduction in hospital bed days relative to the control group. Specifically:

* At the final 48 month reporting period, the hospital bed days of Cohort 3.1 had reduced by 46.94 per cent (from 10.5 to 5.6 days a year), representing a relative rate of improvement of 109.10 per cent compared to the control group;
* At the final 48 month reporting period, the hospital bed days of Cohort 3.2 had reduced by 60.35 per cent (from 10.2 to 4.0 days a year), representing a relative rate of improvement of 122.51 per cent compared to the control group; and
* At the 36 month reporting period, the hospital bed days of Cohort 3.3 had reduced by 43.85 per cent (from 6.4 to 3.5 days a year), representing a relative rate of improvement of 108.71 per cent compared to the control group.

Similarly, results from the analysis of VSIIDR data found that, on average, J2SI PAD clients presented to the ED less often per month as the program progressed. As shown in Figure 9, all J2SI PAD cohorts saw a downward trend in average monthly ED presentations across program.15F1[[35]](#footnote-36)

Figure 9: Average presentation to ED, per J2SI client, per month across the program period

Unlike hospital bed days and ED presentations, J2SI PAD clients’ average monthly community health hours increased across the program (Figure 10). This increase may have played a role in clients reducing their need to engage with the tertiary health system, signalling increased help seeking behaviour. It is noted that community health hours for Cohorts 1 and 2 reduced between 31 and 36 months to levels comparable to the baseline.

Figure 10: Average community health hours, per J2SI client, per month across the program period

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| **Independence** |
| Key findings:   * J2SI PAD clients showed a slight improvement in areas relating to their independence. The greatest improvement in client survey scores regarding independence related to clients’ feelings of having choice and control in their life (+0.46), followed by feeling as if they are making decisions that are right for them (+0.43). |

J2SI PAD clients reported slight improvements in outcomes relating to their independence from program commencement through to exit. It is noted that average scores to questions relating to independence were higher at program commencement (Initial) relative to other outcome areas. This may have resulted in scores having ‘less room to improve’ over time. Clients reported that:

* In response to the statement ‘*I am able to carry out day-to-day tasks without support*’, the average score was unchanged at 3.99 (n=96) where a score of four represents *‘considerably’*;
* In response to the statement ‘*I am confident in making decision that are right for me*’, the average score increased by +0.43 from 3.59 (n=100) to 4.02 (n=96) where a score of four represents ‘*most of the time’*;
* In response to the statement ‘*I can find and get the help I need by myself’*, the average score increased by +0.29 from 3.53 (n=100) to 3.82 (n=96) where a score of four represents ‘*most of the time’*; and
* In response to the statement ‘*I feel I have choice and control in my life’*, the average score increased by +0.46 from 3.42 (n=100) to 3.88 (n=96) where a score of three represents *‘sometimes’* and a score of four represents *‘most of the time’* (Figure 11).

Client responses to questions regarding how confident they felt in making the right decisions, accessing help by themselves and feeling as though they have choice and control over their lives increased steadily across the duration of the program. This differed to their response to the survey question regarding their ability to carry out day-to-day tasks without support, which saw the response remaining relatively stable over time.

Figure 11: Average score of J2SI PAD client survey to questions relating to independence

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| **Economic participation** |
| Key findings:   * There was limited evidence to suggest that J2SI PAD clients increased their participation in economic activities, such as employment, volunteering and/or education, across the duration of the program. For some clients, their ability to partake was inhibited by COVID-19 related lockdowns. However, clients did report an improved level of satisfaction, and ability to take part in such activities, in addition to reporting improvements in their ability to manage their personal finances. * The largest increase in survey questions regarding clients’ economic participation from program entry to exit related to their satisfaction and ability to take part in work, training and education, with an increase of +0.48. * Clients reported a decline in their self-rate ability to pay for basic living expenses (-0.45), possibly related to the change in JobSeeker payments which were higher during the first two years of COVID-19, and more recent cost of living pressures. |

Analysis of TICSPOT data indicates that J2SI PAD clients’ participation in employment, volunteering and education was sporadic across the service delivery period. For some clients, their ability to partake was inhibited by COVID-19 related lockdowns. Additional context provided by SHM indicates this decrease is expected, as, for many clients, turning up somewhere regularly has not been part of their lives for a considerable period of time. Despite the sporadic nature of client participation, analysis of TICSPOT data does indicate a shift in clients’ self-rated satisfaction and ability to take part in employment, volunteering and education as the program progressed, which may, in time, translate into more consistent economic participation. Clients reported that:

* In response to the question ‘*how satisfied are you with your involvement in work, training, or volunteering?*’ the average score increased by +0.48 from 2.74 (n=96) to 3.23 (n=95), where a score of three represents ‘*neutral’*;
* In response to the question ‘*how would you rate your ability to take part in the work, training, or volunteering you want?*’ the average score increased +0.48 from 2.92 (n=98) to 3.39 (n=95), where a score of three represents ‘*neutral’*;
* In response to the question ‘*how would you rate your skills in managing your own finances*?’ the average score increased +0.06 from 3.33 (n=99) to 3.39 (n=95), where a score of three represents *‘neutral’*;
* In response to the question ‘*how would you rate your ability to manage your debts’* the average score increased +0.05 from 3.65 (n=99) to 3.71 (n=95), where a score of four represents *‘good’*; and
* In response to the question ‘*are you able to pay for basic living expenses’* the average score decreased -0.45 from 4.26 (n=99) to 3.81 (n=95), where a score of four represents most of the time. This decline may be due to factors such as JobSeeker payments being higher for a period of time during the program due to the $550 fortnightly COVID-19 supplement and more recent cost of living pressures (Figure 12).

Figure 12: Average score of J2SI PAD client survey to questions relating to economic participation

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| **Social participation** |
| Key findings:   * J2SI PAD clients reported improvements relating to their social participation. The largest increase from program entry to exit related to their ability to access support from personal relationships (+1.08). |

J2SI PAD clients reported an improvement in outcomes relating to their social participation from program commencement through to exit. Clients reported that:

* In response to the question ‘*how often are you able to access support from your personal relationships?*’ the average score increased by +1.08 from 2.77 (n=100) to 3.85 (n=96), where a score of three represents *‘sometimes’* and a score of four represents *‘most of the time’*;
* In response to the question ‘*how often are you able to maintain positive relationships?*’ the average score increased by +0.32 from 3.29 (n=100) to 3.61 (n=96), where a score of three represents *‘sometimes’* and a score of four represents *‘most of the time’*;
* In response to the question ‘*how often do you feel connected to, and part of, a community?*’ the average score increased +0.46 from 2.68 (n=100) to 3.14 (n=96), where a score of three represents *‘sometimes’*;
* In response to the question ‘*how satisfied are you with your involvement in social activities?*’ the average score increased by +0.41 from 2.97 (n=99) to 3.38 (n=96), where a score of three represents *‘neutral’* (Figure 13).

Figure 13: Average score of J2SI PAD client survey to questions relating to social participation

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| **Police interactions** |
| Key findings:   * Average monthly police interactions and days in custody of J2SI PAD trended downwards across the duration of the program. |

Clients’ average monthly police interactions and days in custody trended downwards across the duration of the program (Figure 13 and Figure 14). Data shows that 61 per cent of J2SI PAD clients had some form of interaction with police during their time in the program. Although this downward trend is positive, police interactions includes instances where the client was either the offender or the victim, and an increase in police interactions where clients are the victim is not necessarily a negative finding as it may demonstrate increasing help seeking behaviour.

Figure 14: Average police interactions, per J2SI client, per month across the program period

Figure 15: Average days in custody, per J2SI client, per month across the program period

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| **Other observations relating to J2SI PAD client outcomes** |
| Key findings:   * Stable housing outcomes are reported to be maintained beyond the period of support provided by J2SI PAD to a greater extent than previous iterations of the J2SI program. * It was noted that working across cohorts may have had a positive effect, with staff working at the same stage of the program with each client in the cohort at the same time. |

Further insight into client outcomes was gained during consultation with stakeholders. These insights are provided below:

* SHM stakeholders reported that stable housing outcomes have been maintained beyond the support period of the J2SI PAD to a greater extent than previous iterations of J2SI and other comparable programs. This was discussed as being linked to the use of head leasing in the J2SI PAD, which enabled more rapid housing in pursuit of ‘Housing First’ principles compared to previous phases. This, in turn, allowed a longer ‘run time’ to work with clients to settle into their home and community relatively early in their three-year support period.
* Consultation with SHM also found that the organisation continues to check-in on clients for a period of time post-program. It was reported that, in the 12 months following J2SI PAD program completion, the organisation continues a monthly follow up with clients’ housing providers, and that referrals are made into other SHM programs (such as Greenlight) where J2SI clients are eligible and in need of additional support. SHM management gave an example of supporting clients following program completion by referring them to supportive housing teams to ensure they are connected with their community if they moved from a head leased property and into permanent social housing towards the end of the program (e.g. in the final six months).
* SHM stakeholders described observing a ‘cohort effect’, as clients within each cohort entered/exited the program at a similar time, had a similar level of need, and achieved a similar improvement in outcomes as the program progressed. This was validated by the analysis of TICSPOT data, which shows a similar trajectory in the improvement in self-reported client outcome scores within each cohort ([Appendix B](#_A2._TICSPOT_Analysis)). The data shows a similar trajectory in the improvement of outcomes for Cohorts 3.1 and 3.2, however Cohort 3.3 differed, in that client outcome scores represented a flatter trajectory over the evaluation period. There are several reasons as to why this could have occurred, including:

Approximately half of Cohort 3.3 clients transitioned into the program from COVID-19 hotel accommodation and recorded higher outcome scores upon entering the program, relative to Cohorts 3.1 and 3.2. This may have resulted in ‘less room for improvement’ in scores over time;

JobSeeker payments were considerably higher at the time when Cohort 3.3 entered into the program due to the $550 fortnightly COVID-19 supplement. Similar to the above, this may have contributed to an elevation in relative Cohort 3.3 entry scores; and

Other confounding variables may also have impacted Cohort 3.3 to a greater extent (e.g. cost of living pressures), as a number of the client outcomes relate to general socioeconomic indicators of wellbeing that may have declined more generally across this period.

#### Elements of the PAD that supported client outcomes

Consultation with stakeholders found that the PAD supported the achievement of client outcomes through the inclusion of head leasing, financial penalties and priority access to housing, cross-agency collaboration and payable outcomes. Each of these supporting features is discussed below.

##### Head leasing

The J2SI PAD’s head leasing arrangement enabled clients to be rapidly housed. This supported client outcomes, as clients were provided with temporary housing and were able to commence working effectively with case workers on personal goals more quickly in a stable environment than would have been possible if clients were required to wait for a social housing offer. By contrast, stakeholders noted that the absence of head leasing as part of the J2SI Phase 2 RCT saw some clients waiting up to two years before receiving a social housing offer, requiring case worker engagement to take place in crisis accommodation and on the streets.

Table 10: Average time to stable housing J2SI PAD vs VHR

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| Average wait time to housing - J2SI Phase 2 RCT | 8.8 months |
| Average wait time to housing - J2SI PAD | 4.8 months |

Across the duration of the J2SI PAD, the Victorian social housing waitlist grew considerably (54 per cent from 44,028 applications in March 2018[[36]](#footnote-37) to 67,985 applications in March 2023[[37]](#footnote-38)). This, combined with the introduction of new homelessness programs also operating a ‘Housing First’ model (notably H2H), led to slowed social housing offers to J2SI PAD clients. As noted in the interim evaluation report, head leasing mitigated against this shortage, allowing clients to enter into a temporary home while waiting for a permanent solution to become available.

In addition to enabling clients to be rapidly housed, SHM staff indicated instances where head leased properties were made available to clients whose social housing had broken down, helping to prevent clients from reverting into homelessness. Stakeholders noted that head leasing may have also led to greater consideration being given to finding appropriate housing which met clients’ individual needs, as head leasing acted as a safety net providing housing in the interim period before social housing could be allocated.

It was also noted by some stakeholders that head leasing is, by definition, temporary housing, and therefore the J2SI PAD could be seen to have deviated from a true ‘Housing First’ model which prescribes ‘safe and *permanent* housing as the first priority for people experiencing homelessness’.19F19F[[38]](#footnote-39) However, it was further noted that, within an environment of social housing shortages, head leasing provided as close a proxy as possible to a true ‘Housing First’ approach.

The J2SI PAD’s head leasing arrangement was managed by Housing Choices Australia and Unison for the duration of the program. Consulted stakeholders observed a well-coordinated working relationship between these agencies and SHM, and that access to head leased properties was consistent across the program.

##### Financial penalties and priority access to social housing

As described above, social housing offers slowed at times during the course of the J2SI PAD. Although head leasing mitigated against delays in clients being able to move off the streets, or out of crisis accommodation, and into stable housing, this was not a permanent solution. Stable housing outcomes were therefore reliant on the capacity of Homes Victoria and community housing providers to make social housing offers to J2SI PAD clients.

Consistent with the findings from the interim evaluation, the financial penalties embedded within the J2SI PAD were considered to be an effective ‘lever’ to securing social housing offers, and the program’s cross-agency JWG worked to ensure awareness within DFFH of the implication for government if housing was not secured. The Head Leasing Contingency Fund (HLCF) was incorporated into the program for the purposes of paying out financial penalties in the event that:

* A client not housed through a head-leased property was not offered permanent or transitional social housing within the first six months of entering the program; or
* A social housing offer was not made to a client before the end of their three-year support.

With the exception of a marginal draw down to compensate housing agencies for slightly higher-than-expected administrative and labour costs, the HLCF has not been used.

J2SI’s priority status on the VHR also helped to secure timely permanent social housing offers for clients.

##### Cross-agency collaboration

Cross-agency collaboration was noted by stakeholders as being an important driver of client outcomes, consistent with findings from the interim evaluation.

*“Penalties brought [accountabilities for housing allocations] to the Department’s attention and focus, but it’s also due to the strong partnerships between us and the housing offices, not just the penalties. The Department now have a better understanding of demand/supply of housing so they can manage this more actively. J2SI is a beneficiary but so are other programs.” – SHM Management*

Stakeholders from both SHM and government noted that increasing effort was made by housing offices to match social housing offers with the individual needs of clients, further supporting client outcomes. This was done through a collaborative partnership between housing offices and SHM. This partnership was reported to strengthen over time as offices developed their understanding of the J2SI PAD and trust in SHM to deliver the program. As discussed further on page 36, this was supported by the development of a centralised agency within Homes Victoria to oversee social housing allocations.

*“The partnership approach was a surprise to me – it* enabled *a joint approach between ourselves and government, rather than a purchaser/provider approach. We appreciated that and how it aided the program. Particularly during Covid, the partnerships allowed us to work differently.” – SHM Management*

A collaborative, cross-agency approach was undertaken to ongoing tenancy management, to preserve the social housing tenancy to the extent possible once an offer was made, supporting stable client housing. Housing offices were reported to engage in good faith with SHM case managers due to their ability to collaboratively resolve tenancy issues and stabilise clients. Broader flow-on benefits were observed as housing offices demonstrated a heightened willingness to provide social housing into the J2SI PAD and subsequent SHM programs.

The J2SI PAD was also considered to drive greater engagement between DTF and service delivery organisations, increasing the Department’s exposure to the sector. Although stakeholders did not link this engagement to client outcomes, it was considered to have other benefits, in particular exposing DTF to new ways of working and associated capability uplift (discussed further on page 35).

*“The J2SI PAD was a conduit for a more meaningful relationship between us and the sector.” – DTF*

##### Payable outcomes

Service delivery staff noted that the two payable outcomes - stable housing and hospital bed days - gave case workers and clients freedom to identify and work towards clients’ own individual goals, in addition to the payable outcomes. It was also noted that hospital bed days was often a downstream outcome of efforts to stabilise clients in other areas. Some stakeholders noted that the tracking of payable outcomes may have provided a reinforcement loop, providing evidence of client progress which subsequently motivated case workers to continue to engage in high‑quality service delivery. With this in mind, the payable outcomes were considered complementary to clients working towards and achieving positive outcomes across the duration of the program.

J2SI PAD case workers compared the two payable outcomes of the J2SI PAD to the outcomes of the PbR - which includes seven program outcomes, including two collected using TICSPOT.[[39]](#footnote-40) Upon making this comparison, some case workers reported the PbR to have less flexibility in terms of client goal setting, however SHM leadership noted that use of TICSPOT has been consistent across both iterations of the program, with the expectation that J2SI PAD clients incorporated TICSPOT outcomes into goal setting.

*“Hospital bed days are a really good outcome. As a case manager, we do good work, and the hospital bed days somehow get better.” – SHM service delivery*

*“We have to do TICSPOT in the PbR… it gives more of a framework around goals. Sometimes this is a good thing, but there are limitations to putting people in a box and comparing them on the same outcomes.” – SHM service delivery*

#### Were the client outcomes the same as when the program was implemented differently?

Improved client outcomes were seen under previous iterations of the J2SI program (Pilot and the Phase 2 RCT).22F22F[[40]](#footnote-41),23F23F[[41]](#footnote-42)  At this stage, it is too early to determine whether the PbR is achieving similarly strong results.

Although client outcomes have been consistent across the Pilot, Phase 2 RCT and the PAD, there is evidence to suggest that client outcomes have been stronger under the J2SI PAD when compared to the Phase 2 RCT. As shown in Table 11, J2SI PAD clients had better hospital bed day outcomes compared to clients in the Phase 2 RCT at the same points in the program, with the exception of Cohort 3.1 at 48 months which is one per cent lower than the control. Similarly, J2SI PAD clients had better stable housing outcomes at 24, 36 and 48 months compared to Phase 2 RCT clients. As noted elsewhere, the achievement of higher client outcomes for J2SI PAD clients, particularly for Cohort 3.3 clients, is notable, given the coinciding cost of living pressures during their support period (see page 25). Cohort 3.3 outcomes were also likely influenced by program commencement in mid-2020 during the COVID-19 pandemic, with lockdowns and other pandemic response measures causing disruption for a significant proportion of their support period. Notably, year one of support for Cohort 3.3 coincided with the sudden shortfall in available social housing due to the commencement of the H2H program. These policy circumstances likely presented further disruption to Cohort 3.3 clients while additional head leases were procured. This is particularly relevant given the importance of the first year of support to achieving housing, health and wellbeing outcomes, which were consistently seen as foundational to achieving broader client goals. As noted in other SHM documentation, although case worker support was able to continue throughout the pandemic, clients’ ability to work towards broader social inclusion and economic participation was also likely impacted by pandemic response measures, which may have further impacted their broader wellbeing and outcomes.24F24F[[42]](#footnote-43)

Stronger client outcomes under the J2SI PAD suggest that the supporting features associated with the PAD (head leasing, financial penalties and priority access, cross-agency collaboration and payable outcomes) may have helped to strengthen client outcomes. The value these features bring to the J2SI program is further demonstrated when considering that these elements (apart from the payable outcomes) have been incorporated into the PbR.

Table 11: J2SI PAD compared to the J2SI Phase 2 RCT (see interpretation note below)

| Outcome measure | Time | J2SI Phase 2 RCT | J2SI PAD |
| --- | --- | --- | --- |
| Hospital bed days (reduction in average number compared to the control) | 24 months | 15% reduction excl. outlier | 61.74% reduction (3.1)  52.58% reduction (3.2)  72.75% reduction (3.3) |
| As above | 36 months | 26% reduction excl. outlier | 53.22% reduction (3.1)  74.54% reduction (3.2)  43.85% reduction (3.3) |
| As above | 48 months | 48% reduction excl. outlier | 46.94% reduction (3.1)  60.35% reduction (3.2) |
| Stable housing  (% in stable housing) | 24 months | 66% in stable housing | 92.86% in stable housing (3.1)  80.70% in stable housing (3.2)  92.86% in stable housing (3.3) |
| As above | 36 months | 62% in stable housing | 96.30% in stable housing (3.1)  85.18% in stable housing (3.2)  92.86% in stable housing (3.3) |
| As above | 48 months | 64% in stable housing | 92.45% in stable housing (3.1)  84.31% in stable housing (3.2) |

*Table 11 interpretation note: As described in the interim evaluation report, when comparing payable outcomes between the J2SI Phase 2 RCT and PAD, it should be noted that:*

* The published report on the Phase 2 RCT, released in August 2020, considered the housing type at the time of the surveys and did not collect data on whether clients accessed crisis accommodation whilst they were in stable housing. The J2SI PAD definition of stable housing excludes clients who accessed crisis accommodation during the year, unless it was for family violence reasons. For the PAD outcome payment calculations, and the information presented above, the Phase 2 RCT outcomes were re-calculated in line with the PAD definition of stable housing, noting that the reasons for access to crisis accommodation in the Phase 2 RCT are not known.
* Although the J2SI Phase 2 RCT and PAD outcomes compared above have been calculated using the same methodology and use Homelessness Integrated Information Program (HiiP) tenancy data as the primary source of data to identify clients in public housing, Phase 2 RCT outcomes have been calculated using client survey data, while J2SI PAD outcomes have been calculated using:
* *Homelessness Data Collection (HDC) data submitted six monthly by SHM via SRS/SHIP as the secondary source of data; and*
* *HDC data submitted by other organisations to identify clients who accessed crisis accommodation.*

*Given that the Phase 2 RCT outcomes are based on survey data alone, interpretation of these results should consider that the Phase 2 RCT outcomes may be less reliable than the reported J2SI PAD outcomes. Consultations undertaken as part of the interim evaluation noted that J2SI clients may have tended to over‑estimate their positive outcomes in self-reporting, however the direction and degree of error in survey results is not definitively known.*

#### Can the client outcomes be attributed to the program as a PAD?

As discussed, improved client outcomes were demonstrated under previous iterations of the J2SI program (Pilot and Phase 2 RCT), attributable to the intensive and long-term support provided by the J2SI model which remained a feature of the program throughout all phases. Some stakeholders noted that the intensive and long-term support, which are core to the J2SI model, were key to achieving improved client outcomes. However, head leasing (a program element specific to the PAD) was described as having a particularly significant impact on the ability of the program to make progress towards improved client outcomes from earlier in the client support period. This suggests that the funding mechanism may have amplified the effectiveness of the J2SI program design by providing clients with more rapid housing and the opportunity for stability.

*“Housing first is the key success of the program. People who experience homelessness having a roof over their head is an important step. When we didn’t have access to housing in earlier phases [prior to introduction of head leasing] it was a struggle.”   
– SHM service delivery*

Although client outcomes cannot solely be attributed to the PAD, as described above, stakeholders reported that a number of the PAD’s features helped to support these outcomes. These supporting features have gone on to be incorporated into the PbR, demonstrating the value they add to the program. These features include:

* Head leasing;
* Outcomes-based payment mechanism;
* Contingency funding to ensure supply of housing; and
* Cross-agency collaboration through continuation of the JWG.

While retaining some features, the PbR has moved away from others, largely due to the time and cost burden associated with these features and acknowledgement that they were no longer required (or presented benefit) in an established, well-evidenced program. The key features changed or removed between the PAD and PbR were:

* Removal of the independent certifier of outcomes payments;
* Removal of the role of private investors;
* Changes to outcomes payments, with a reduction in risk to the service provider in the event performance targets were not met;
* Changes to the amount of funding at risk (discussed further on page 30);
* Removal of certain contractual liabilities (such as around deaths in the cohort); and
* Timelines and reporting being made more flexible to reflect impact of key dependencies on outcomes analysis timeframes.

### The PAD has informed subsequent programs and policy

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| What were the outcomes of J2SI SII in light of its structure as a SII funding mechanism? | The PAD supported government outcomes, informing subsequent programs and policy, including:   * The PADs initiative * The EIIF * The J2SI PbR * Other housing first programs (H2H). |
| Were the outcomes the same as when the program was implemented differently? | The J2SI PAD has had a greater impact on broader government programs and policy, relative to the Pilot and Phase 2 RCT, with the J2SI PAD considered to have paved the way for the development of subsequent PADs, the J2SI PbR, the EIIF, and H2H.  The greater impact of the PAD on programs and policy may, in part, be due to this iteration of the program being the first to receive substantive government funding, with the Pilot receiving no government funding and the Phase 2 RCT receiving a small DHHS grant.  Policy impacts of J2SI PbR are yet to be seen, given the early stage of the program. |
| Can the outcomes be attributed to the program as a SII? | Stakeholders reported that the J2SI PbR would not have been pursued without the J2SI PAD and its learnings. Other PADs, the EIIF and H2H have all drawn from the learnings of the J2SI PAD, although these programs/policy have also been built on other factors, such as an increasing government appetite for SIBs and outcomes based models. |
| Has there been a change in findings from interim evaluation? | There has been a more significant effect of the J2SI PAD in terms of driving broader change, particularly within DTF. |

The J2SI PAD has informed the development of subsequent programs and policy. Subsequent programs have moved away from J2SI PAD features considered as administratively burdensome (noted above), improving ease of implementation and enabling the program to scale up. Some stakeholders observed that, when certain program features were incorporated into other programs, there were instances where not all aspects of the feature were preserved. This led to, for example, reduced intensity of case management in H2H, which derived aspects of its approach from J2SI. It was noted that this may have an impact on the effectiveness of the elements within other programs. The effectiveness of these subsequent programs will be explored in future evaluations.

#### Development of the PADs initiative

The Victorian Government’s PADs initiative includes five social impact investments that seek to challenge complex social issues through outcomes-based partnerships.25F25F[[43]](#footnote-44) PADs are considered a bespoke approach to social impact investment, allowing innovative initiatives to be piloted with payments based on outcomes delivered. Since 2016, the Victorian Government has invested over $80 million in PAD initiatives.

J2SI was one of the first PADs to be established, alongside the COMPASS PAD. There was general consensus among consulted stakeholders that J2SI helped to inform the development of the three PADs that have followed: Living Learning, Side by Side and Arc.

#### Establishment of the Early Intervention Investment Framework (EIIF)

Building on the success of the PADs, the Victorian Government introduced the EIIF in the 2021-22 Budget, making it the first Australian jurisdiction to embed early intervention into its budget process.26F26F[[44]](#footnote-45) The EIIF calls for departments seeking funding to set both outcome measures and expected outcomes, along with estimating the avoided cost to government from the reduction in use of acute services as part of the Budget bid. The EIIF builds on the success of the PAD’s approach of setting outcome measures and avoided costs and provides a centralised approach to early intervention. While PADs provide an opportunity to trial smaller scale initiatives, the EIIF accommodates a range of initiatives, providing a pathway for successful initiatives to be delivered at scale.

As one of the first successful PADs, J2SI has helped inform development of the EIIF, along with acting as a use case – with J2SI progressing from a PAD to being funded under the 2021-22 EIIF package as the PbR. Stakeholders reported that the J2SI PAD acts as an exemplar program from which the EIIF readily draws learnings. By way of example, stakeholders reported that DTF often looks to the J2SI PAD payable outcomes when seeking to increase the statistical validity of its growing library of EIIF outcome measures.

#### Development of J2SI PbR

The J2SI PAD acted as a proof of concept for outcomes-based funding, and informed the development of the J2SI PbR. As described on page 27, the PbR has retained many of the value adding elements of the PAD (including head leasing, penalties and outcomes measurement), while moving away from other elements considered as adding unnecessary complexity (such as removal of independent certifiers and investors and reducing the amount of program cost as risk).

Consistent with the PAD/EIIF pathway, where successful PAD initiatives can progress through to the EIIF, stakeholders noted that the PbR is able to operate with less complexity, due to the J2SI PAD demonstrating strong results, building confidence in the program and allowing it to run with ‘fewer strings’.

Notably, the amount of program cost at risk was reduced between the PAD and PbR, in response to concerns about the level of financial risk taken on by the service provider under PAD levels. The J2SI PAD included a 50 per cent contingent funding threshold, reduced to 10 per cent in the PbR. Although SHM management did not experience or perceive the higher threshold as a barrier to program delivery or innovation, and continued to do both effectively over the course of the PAD, concerns were raised that this level of at risk funding may have the potential to stifle innovation for future service providers engaging in either PADs or PbR programs. In particular, the question was raised as to whether this financial risk could act as a disincentive for future service providers to deliver more innovative programs with a less-established evidence base than the J2SI PAD, which had a proof of concept before the PAD was established, or for service providers who were less mature.

#### Broader homelessness program design and delivery

In addition to informing development of the PADs initiative and the PbR, the J2SI PAD has influenced other housing programs, notably H2H. The program is informed by selective elements of J2SI, such as a housing first approach (via head leasing) and three-year client support, but is delivered to a larger cohort, being delivered to 1,845 people over three years. The confidence of stakeholders in delivering the program at scale has, in part, been built on the success of the J2SI PAD.

DTF stakeholders also reported that housing first considerations, and consideration of housing availability, are more embedded across DTF-led social impact programs, as a result of the experiences from J2SI PAD and particularly the challenges faced in accessing social housing.

In addition to H2H, stakeholders indicated that some specific elements of the J2SI PAD are being incorporated into other programs, with Homes Victoria adopting the J2SI PAD’s approach to client identification into broader service delivery.

#### Broader SHM service delivery

SHM has implemented a ‘continuum of care model’ with the organisation’s tenancy support programs drawing from the J2SI PAD. This model prioritises an outreach approach and periods of support based on individual client need, from three months for those first experiencing homelessness to 24-month support for more complex clients. Also drawing from evidence established by the J2SI PAD, SHM increasingly focused on outreach for tenancy support rather than a drop-in model. Post-support follow-up is routinely incorporated into SHM service delivery in order to establish an evidence base and continuous improvement processes, due to the important role this played in the J2SI PAD.

### Were the outcomes the same when the program was implemented differently?

The J2SI PAD has had a greater impact on broader programs and policy, relative to the Pilot or Phase 2 RCT, with the program considered to have paved the way for development of other PADs, the PbR and H2H.

The greater impact of the PAD on broader government programs and policy may be due to this iteration of the program being the first to receive substantive government funding, with the Pilot receiving no government funding and the Phase 2 RCT receiving a small DHHS grant. This likely limited the ability for these iterations to influence government outcomes.

Furthermore, it is acknowledged that previous iterations of J2SI helped to establish the evidence base for housing first programs in Victoria, which was an important underpinning of the J2SI PAD, and other housing first programs that have followed (PbR, H2H). At this stage, it is too early to report on the PbR’s impact on broader government programs and policy.

### Can the outcomes be attributed to the program as a PAD?

As stated, the J2SI PAD helped to inform the development of the broader PADs initiative and the EIIF, however this has also been driven by other factors. Other factors include government’s increased interest in social impact investing, outcomes based funding and avoided costs, all focused on driving better outcomes for people experiencing social disadvantage.

When considering the J2SI PbR, there was consensus amongst stakeholders that the program would not have been pursued without the success of the J2SI PAD.

The impact of the J2SI PAD on other homelessness programs, particularly H2H, is partly attributable to the PAD, with program elements drawing directly from the J2SI PAD (particularly use of head leasing to achieve ‘housing first’ principles). However, not all program features are associated with the PAD, and are instead associated with the J2SI model (the ‘housing first’ principle and three years of support).

The J2SI PAD was described as directly contributing to the new model of care implemented within SHM, particularly the tenancy support program approach and embedded continuous improvement processes.

### The PAD drove accountability and rigour

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| What were the outcomes of J2SI SII in light of its structure as a SII funding mechanism? | The J2SI PAD drove greater accountability and rigour, in areas relating to:  Governance  Provision of social housing  Program data collection and analysis  Program monitoring, delivery and reporting. |
| Were the outcomes the same as when the program was implemented differently? | The J2SI PAD introduced an increased level of accountability to collaboratively work through problems and provide suitable social housing offers, relative to previous program iterations, and has continued in the PbR.  The PAD built on the approach taken to data analysis in the Phase 2 RCT, by introducing new data sources and analytical methods.  The PAD also introduced new program monitoring and reporting elements that further increased rigour.  These elements have continued as part of the PbR. |
| Can the outcomes be attributed to the program as a SII? | The joint accountability of stakeholders to work through program challenges was strengthened by the J2SI PAD through its JWG, and can, in part, be attributed to the PAD mechanism.  In addition, the increased level of accountability to provide suitable social housing can be attributed to the PAD, as it stemmed from the PAD’s financial penalties and cross‑agency collaboration.  The rigorous approach to data collection and analysis, in addition to program monitoring, delivery and reporting, was seen under previous iterations of J2SI, but was seen to have been enhanced as a result of the J2SI PAD. |
| Has there been a change in findings from interim evaluation? | Strong collaboration, accountability and rigour remain consistent with interim evaluation findings. Role clarity in relation to joint governance procedures was observed to improve over time. |

Stakeholders noted that the PAD drove greater accountability in areas of governance and the provision of social housing, strengthened the rigour of data collection and analysis and strengthened program monitoring and reporting, over and above business-as-usual (BAU). In most cases, increased accountability and rigour were considered a positive impact of the J2SI PAD, being in line with a broader government shift towards outcomes funding and promoting learnings about how to do this in a rigorous, yet efficient, way. However, in some cases, processes which promoted accountability and rigour were considered as administratively burdensome. Further detail is provided below.

#### Governance and accountability

The J2SI PAD’s JWG was established to provide advice and guidance across the duration of the program, and included representatives from across SHM, DTF and DFFH/Homes Victoria. Stakeholders noted that the JWG helped to turn program challenges into ‘problems shared’, which drove joint responsibility and accountability for their solutions. The interim evaluation found that, initially, there was a lack of clarity in terms of role clarity and responsibility; however, this was reported to have improved over time, and it was not considered as being an issue beyond the early/implementation stages of the PAD.

#### Provision of social housing

The PAD increased government accountability to provide suitable social housing to clients through its financial penalties and cross-agency collaboration. This is discussed in detail on page 26.

#### Program data collection and analysis

The link between the outcome payments and the measurement of the two payable outcomes drove a rigorous approach to data collection and reporting, with the SHM and government analytics teams spending time manually reviewing data to ensure accuracy. Although the approach taken to ensure data accuracy was considered a positive consequence by some stakeholders, it was also observed to require an investment of stakeholder time, in addition to program data and reporting requirements that were already labour intensive. This was due to the high degree of data quality needed to calculate outcomes payments and the inherent challenges in collecting data of this quality.

The complexity of the PAD’s data collection and analytical requirements was felt for the duration of the program, as data quality challenges persisted for the duration of the program. However, it was noted that effective collaboration between SHM and government data stakeholders meant some efficiency was gained over time, particularly as relationships and understanding between involved stakeholders developed.

Stable housing data was described as being particularly challenging to interpret and analyse due to:

* Its reliance on administrative datasets collected for non-research purposes;
* Gaps in housing data due to inconsistent sector practices; and
* Non-mandatory data collection fields (i.e. housing providers not being required to collect client data once a person is in housing).

Stakeholders noted that greater involvement of the data linkage unit during the J2SI PAD’s establishment would have been advantageous, and may have reduced some of the challenges faced during linkage and analysis.

The consistent use of the TICSPOT survey also demonstrates program accountability and rigour. Although the survey was initially introduced under the J2SI Phase 2 RCT, it underwent an upgrade27F27F[[45]](#footnote-46) prior to the commencement of the PAD, and has continued to be used in the PbR as a source of client outcomes data. Stakeholder views of TICSPOT when reflecting on the Phase 2 RCT and the PAD were largely positive, citing that the survey provided a consistent approach to outcomes data collection and reporting across key areas of housing, health and wellbeing, independence, social inclusion and economic participation, and was a useful framework for client goal setting and support focus. Service delivery workers observed that, under this arrangement, they felt able to focus their time and efforts on the specific client goals within these outcomes which would go on to positively impact the two payable outcome measures, and spoke positively of the balance of rigour and flexibility enabled by the PAD structure in this sense.

#### Program monitoring, delivery and reporting

The approach SHM took to J2SI PAD program monitoring and reporting was considered more rigorous than BAU approaches. This was due to the importance of ensuring accurate and complete client records, as they fed into the outcome measurement described above. As noted on page 26, consulted stakeholders indicated that the tracking of payable outcomes contributed to a reinforcement loop, where case workers were able to see client progress, which may have acted as a motivator for the continued provision of high-quality service delivery. It is noted that this was an embedded practice across SHM prior to the establishment of the J2SI PAD, and that the program has served to reinforce this approach organisation-wide.

Some service delivery stakeholders reported more rigorous use of the SHM client monitoring tool (introduced during the J2SI Phase 2 RCT) during the PbR compared to previous phases, suggesting program monitoring may have further strengthened following the PAD. The tool tracks client engagement from the point of referral, and is continuing to be used in the PbR. The tool is intended to monitor how clients engage in the initial 90-day engagement window, to inform decisions regarding the need for assertive engagement techniques (or, potentially, the need to close the referral after 6-7 weeks of non-engagement). Some service delivery stakeholders expressed a view that the tool may have been used to ‘screen out’ non-engaging, potential clients in the J2SI PbR, however there is no evidence of this occurring in practice. SHM management indicated the tool is designed to support increased oversight and rigour in decision-making around client engagement and referrals, and has been applied consistently since its introduction.

Based on learnings from the J2SI PAD, SHM has implemented a new organisational ‘continuum of care’ model in which the length of support time and period of follow-up is based on individual client needs. See page 30 for more detail.

### Were accountability and rigour the same as when the program was implemented differently?

#### Governance and accountability

The joint responsibility and accountability across DTF, SHM and DFFH/Homes Victoria to work through program challenges was new to the PAD, enabled by the JWG, and has continued into the PbR.

The high level of government accountability to provide social housing into the J2SI PAD was not seen in previous iterations of the program (Pilot or RCT). The PAD features that helped to drive the increased level of accountability, particularly cross-agency collaboration, outcomes-based funding, and a contingency fund, have been retained as part of the PbR.

As highlighted on page 28, a change to contingency funding was made in the PbR in recognition of the role that head leasing plays in strengthening program delivery. To further support supply of public housing, additional processes were also put in place to require all available policy/communication options to be pursued before accessing the contingency. New social housing flow and trigger points were introduced to determine appropriate supply and under-supply of social housing to J2SI clients. This change was seen as being required to maintain government accountability to deliver social housing into the program, while reducing dependencies on social housing offers being available in the first year of client support.

Similarly, the collaborative approach taken by SHM and housing offices to identify and assist clients maintain social housing (discussed on page 26) was not considered by stakeholders to have occurred to the same extent in previous iterations of the program. This collaboration and focus on matching clients with suitable stable housing has continued into the PbR.

#### Program data collection and analysis

Both the Phase 2 RCT and PAD had similar levels of data collection and analytical and reporting requirements, driven by the RCT needing to establish a robust evidence base, and the accuracy of the PAD’s outcomes determining payments. With the evidence base established, the PbR has simplified some program elements relating to data, including removal of the control group, investors and the independent certifier, in addition to being more flexible in terms of reporting timelines.

While simplifying some elements, the PbR has expanded the number of program outcomes to seven, including two collected via the TICSPOT survey, increasing the importance of high survey completion rates.28F28F[[46]](#footnote-47) The PbR outcomes are:

* Increased stable housing;
* Reduced hospital bed days;
* Reduced rough sleeping episodes;
* Reduced ED presentations;
* Reduced police interactions;
* Increased independence (collected via TICSPOT); and
* Increased social connectedness (collected via TICSPOT).

Consulted data stakeholders noted that the statistical validity of these outcome measures is not yet known, and their accurate and reliable measurement may face barriers unseen in the Phase 2 RCT and PAD. Case workers also raised concerns regarding the highly encouraged use of TICSPOT, in instances where the survey is not well‑understood by clients due to survey length and/or barriers to literacy (as noted in the interim evaluation report, client survey completion rates were consistently below 100 per cent during the J2SI PAD). However, on balance, the revised approach to include broader outcome measures in formal outcomes collection and reporting was seen as positive to capture a more complete picture of wellbeing.

#### Program monitoring, delivery and reporting

Program monitoring, delivery and reporting has been rigorous under previous iterations of the J2SI program; however the PAD did introduce some additional elements that further increased its rigour, notably the increased importance of accurate client records and consistent approach to evidence gathering, including the continuum of care model. The J2SI PAD was seen to have enhanced these processes, which have continued as part of the PbR, and catalysed their continued use across the organisation.

### Can accountability and rigour be attributed to the program as a PAD?

The joint accountability of stakeholders to work through program challenges was strengthened by the JWG, which can, in part, be attributed to the PAD.

Similarly, the increased accountability to provide social housing can, in part, be attributed to the PAD. As stated, the key drivers of this accountability, the financial penalties and cross-agency collaboration were introduced with the PAD, and have been maintained in the PbR. Furthermore, the collaborative approach taken by SHM and housing offices to identify and assist clients maintain social housing did not occur to the same extent in previous iterations of the program, and are likely largely attributed to the PAD. It is possible that housing offices were better able to provide suitable housing compared to previous iterations due to the presence of head leasing and the safety net this offered in the case where an available, social housing placement was unsuitable. Strengthened relationships between SHM service delivery staff and clients, and detailed internal data they kept on client needs, likely also contributed to appropriate matching.

Although the J2SI PAD had unique data collection and analytical requirements, and its link to outcome payments strengthened its rigour to some degree, a similarly robust approach is seen in all iterations of J2SI, suggesting this outcome is more linked to the focus the J2SI program has on accurate outcomes measurement, as opposed to the PAD mechanism.

Similarly, the robust approach to program monitoring and reporting was driven, in some instances, by the PAD, particularly the requirement for accurate and complete client records to feed into outcome measurement. Weekly reporting on social housing offers being made to J2SI clients was also introduced during the PAD, both as a result of declining housing offers and in the interests of enabling stable housing targets to be met. With consideration of the latter, weekly reporting can partly be attributable to the PAD mechanism. However, other factors, such as the improvements to the client monitoring tool, may be more linked to the program learnings as opposed to the funding mechanism, as evidenced by their incorporation in the ‘continuum of care’ model.

### The PAD led to new ways of working and capability uplift

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| What were the outcomes of J2SI SII in light of its structure as a SII funding mechanism? | The PAD resulted in new ways of working and capability uplift for J2SI government stakeholders, in areas relating to:  Social impact investing and outcomes funding  Contracts  Evaluation  Internal analytical capability  Long term client support. |
| Were the outcomes the same as when the program was implemented differently? | The J2SI PAD introduced several value adding ways of working, which resulted in capability uplift, that have continued to be developed/refined in the PbR, other PADs, housing first programs and the EIIF. This includes avoided cost modelling, linked data analysis, rigorous approaches to program evaluation, and exposure to working with clients in the long term. |
| Can the outcomes be attributed to the program as a SII? | DTF capability uplift can partly be attributed to delivery of the J2SI PAD, but it is noted that this sits within the broader PADs initiative.  SHM internal capability uplift can also partly be attributed to the PAD, as it prompted a need for analytical capability and impact on investing resourcing, with a focus on these areas pre‑dating the J2SI PAD.  There is the potential to more fully embed learnings and processes associated with the J2SI PAD in departments outside of DTF. |
| Has there been a change in findings from the interim evaluation? | Strong collaboration remains consistent with interim evaluation findings. Role clarity in relation to joint governance procedures was observed to improve over time. Findings of capability uplift are consistent with the interim evaluation, with the current evaluation raising evidence of further capability uplift. |

The PAD introduced program features not typically seen as part of BAU, which led to new ways of working and associated capability uplift.

#### Department of Treasury and Finance

For DTF, the J2SI PAD introduced new ways of working through its direct involvement with service providers, exposure to avoided cost modelling and the impact investing space, the focus on outcome metrics and data linkage, in addition to being exposed to more rigorous program evaluation requirements. When considering avoided cost modelling, DTF stakeholders described that, through delivery of the J2SI PAD, and the PADs initiative more broadly29F29F[[47]](#footnote-48), exposure to this type of analysis has resulted in an uplift in internal capability and the establishment of an in-house, avoided cost modelling tool attached to the EIIF. The development of this tool and the associated skills has enabled some DTF stakeholders to act as internal consultants, uplifting capability more broadly across government. This indicates a strengthened ability of DTF to engage in program outcomes and their relationship with program costs.

“J2SI and other PADs have exposed DTF to avoided cost modelling and social service linked data, which has led to our team's upskilling. This has made us leaders in these areas in the department and across government.”   
– DTF

DTF stakeholders also noted that the J2SI PAD had a role in driving a culture shift in the department with regards to transparency. One example of this includes the department’s shift towards the publication of program outcomes on public websites. Stakeholders observed that this shift is representative of the broader value of social impact investing in a policy context.

#### Sacred Heart Mission

Similar to DTF, SHM was exposed to greater cross-agency collaboration through the J2SI PAD, a focus on client outcomes measurement, and working with clients over a longer period of time. This exposure resulted in an increased focus by the organisation to bringing analytical capabilities in-house to ensure SHM can continue delivering outcomes-based models, along with developing its capability to therapeutically support clients in the long term. Furthermore, SHM initiated a deliberate shift in its recruitment approach by having experienced staff work with newer staff from outside the homelessness crisis management sector to improve their capabilities. This approach enabled a balance of continuity, skill mix and new skills.

“We looked to resource internally and our J2SI governance personnel are a key positive outcome for us. Having skills internally puts us in a strong position for future funding and also adds rigour to what we do, it means we can now cascade that rigour through our client services.” – SHM Management

The J2SI PAD also helped SHM to develop capability in the impact investing space, with the organisation establishing the Manager for Social Impact and Growth position, a role established to deliver the J2SI PAD, which has continued in the PbR.

#### Homes Victoria and Department of Families Fairness and Housing

The J2SI PAD exposed Homes Victoria/DFFH to new ways of working. In addition to the new ways of working described on page 26, another example is seen when considering the approach taken to ensure J2SI PAD clients did not lose their place on the VHR when they were in a head leased property. Traditionally, a head leasing allocation would result in a J2SI client losing their place on the VHR, impacting the provision of timely social housing offers. To address this, as part of the joint development phase, it was agreed that J2SI clients would remain on the VHR. In addition, Homes Victoria organised program resourcing into a centralised agency, which became the touchpoint for stakeholders engaging in the housing allocation process – a decision made during the joint development phase of the program. This central role fast tracked updates, managed relationships with the Housing Call Centre, and supported consistency of processes across the regional housing offices. Homes Victoria also introduced an additional barrier requiring housing offices to request all reclassification of J2SI PAD clients via this centralised agency. File note alerts were added to inform housing offices of J2SI clients’ status and the additional processes which applied to them. The effect of these changes was to maintain J2SI clients’ priority status on the VHR, to align with the broader government directive in accordance with the Public Housing Allocations operational guideline.

“Instead of going to 17 different areas, they came to one centralised and contained area. We all understood the delegation, reporting and oversight. SHM had a defined reporting and monitoring role, who we were able to give fast-tracked updates on applications processes.” – Government (housing)

“Having housing offices engage with SHM, not via the client, has helped a lot. The file note says to contact us so we’re notified of all offers. Previously we had to wait for offers whereas now we can intervene on a case-by-case basis.” – SHM Management

Although Homes Victoria/DFFH were exposed to new ways of working, consultation did not find that this led to a broad uplift in capability outside of those individuals who were directly involved with the J2SI PAD.[[48]](#footnote-49) Consulted stakeholders noted that, despite efforts made by the GCM to promote outcomes-based programs and social impact investing across the departments, there was no evidence to suggest this uplift was felt at executive levels, and stakeholders were not aware of any permanent processes in place to support broader departmental uplift in knowledge/capability in the impact investing space, required to embed lasting change.

Efficiencies in outcomes payment calculation processes may have been achieved via stability of key personnel and building of program-specific expertise over time. It was observed that, particularly in the initial phases of PAD outcomes calculations, some data analysis stakeholders also performed tasks outside their role description, and continued to perform these roles over the course of the PAD. This is evidence of increased skills, experience and commitment to program delivery among data analysis stakeholders.

### Were the ways of working and capability uplift the same as when the program was implemented differently?

The PAD introduced new ways of working, including processes relating to securing suitable and stable housing, outcomes measurement, avoided cost modelling and the use of head leasing, with many of these processes continuing as part of the J2SI PbR.

As described, some of the new ways of working resulted in capability uplift across DTF and SHM.

For DTF, the uplift in the department’s skills and capabilities in avoided cost modelling and social impact investing were described as unprecedented compared to BAU and previous iterations of J2SI (in which DTF was involved to a lesser extent). The PbR, along with the PADs initiative and EIIF, have allowed DTF to continue building capability in this space.

Similarly, the PAD was an important factor in SHM’s efforts to bring some capabilities in-house, including those related to outcomes measurement and impact investing. Similar to DTF, these capabilities have continued to be refined in SHM’s ongoing delivery of the PbR.

Although broader capability uplift in Homes Victoria/DFFH was not reported as a result of the J2SI PAD, outside of those who engaged directly with the program, it is anticipated that their continued involvement in the PbR (and the EIIF process more broadly) may result in an uplift over time.

### Can the new ways of working and capability uplift outcomes be attributed to the program as a PAD?

The new ways of working introduced by the PAD can be attributed to the funding mechanism.

Although the subsequent capability uplift across DTF and SHM can, in part, be attributed to the PAD, it is noted that there were other contributing factors. For DTF, this includes the broader PADs initiative and the EIIF. For SHM, this includes an organisational focus on outcomes measurement and social impact investing prior to development of the J2SI PAD. In this instance, the J2SI PAD may have had a role in refining internal capability uplift as opposed to creating it.

## What other factors impacted outcomes?

After consulting with stakeholders, various factors surfaced that contributed to the successful delivery of the program, while certain factors also emerged that posed challenges. These identified factors are outlined below.

### Enabling factors

#### Resource continuity

Effective delivery of the J2SI PAD required active and intensive engagement from resources across SHM and government. A critical enabler of this was the continuity of key resources, which meant working partnerships, collaboration and collective knowledge were built over time.

#### Role of the GCM

Within Homes Victoria, the GCM role was an important enabler of the J2SI PAD, with the role taking on program ownership and promotion. The GCM role shifted from DFFH to Homes Victoria in January 2023. Despite this shift, role continuity remained, and the GCM has been an important advocate for social housing in 2023.

#### SHM service delivery staff

SHM service delivery staff were described as having the right skills, experience and dedication to deliver the program, over and above what would be expected of a service provider. While the PAD governance structure enforced some level of ongoing engagement with the program, SHM stakeholders appear to have gone above and beyond, for example working actively with housing offices to ensure housing offers were appropriate, and consistently following up with clients to ensure head leasing placements were successful. For this reason, the SHM was described as building an even stronger reputation with government housing and other stakeholders over time.

#### Innovative approach to resourcing

SHM management indicated that a purposeful shift in its recruitment approach had taken place over the course of the J2SI PAD. They observed that there were perceived benefits in recruiting new staff who did not come from a crisis management background, because the J2SI program involved a fundamentally different style of long‑term, therapeutic support. To enable skill development among new recruits from outside the sector, SHM leveraged existing staff members with J2SI-specific experience to support training. SHM also strategically repositioned experienced service delivery staff across different cohorts over the course of the program, ensuring knowledge was shared throughout the delivery team.

### Challenges

#### COVID-19

Stakeholders reported that COVID-19 likely had an impact on the outcomes. The COVID-19 pandemic, and lockdowns enacted across Victoria through 2020 and 2021, presented an additional stressor and, in many cases, were likely destabilising for clients. Clients impacted by lockdowns or self-isolation practices were restricted in their ability to meet social participation goals, while the broader labour market downturn due to lockdown decreased economic participation opportunities for J2SI clients. For this reason, in March 2021, an additional 3-6 months of support in Year 4 was requested for 20-30 Cohort 3.1 clients.

As noted in the interim evaluation report, client engagement broadly continued as agreed throughout the pandemic, although, in some cases, service delivery staff were prevented from engaging with clients to the same extent during lockdowns. In these circumstances, it is noteworthy that SHM was able to consistently achieve their payable outcomes targets across all cohorts. As previously discussed, relatively lower client outcomes in Cohort 3.3 (who entered the program during the pandemic) may be partially attributable to COVID-19, through the combined effect of lockdown-era disruptions and policy responses which restricted availability of social housing. SHM management commented that J2SI clients who had participated during the COVID-19 lockdowns were more often referred on to other support programs to enable their ongoing stability after exiting J2SI.

“Cohorts who were operational during COVID didn’t have as much support as normally, although they still received some support. It meant at the end we needed to refer to someone else just to ensure their stability.” – SHM Management

More broadly across government, COVID-19 was seen as temporarily de-prioritising the J2SI PAD and broader social impact investment program as government stakeholders were diverted to elements of pandemic response. COVID-19 also led to the introduction of the H2H program, which reduced the supply of social housing offers into J2SI PAD. This impacted J2SI PAD clients’ offers of social housing until additional head leasing arrangements were procured within the head leasing budget. The relative de-prioritisation of J2SI PAD appears to have recovered since the end of the COVID-19 State of Emergency, as evidenced by the expansion of the PADs program and EIIF across DTF, DFFH and Homes Victoria, and the reinstatement of J2SI PAD as a highest-priority category on the VHR as recently as October 2022. However, it is noted that the flow of social housing into the H2H program has continued to affect social housing offers to J2SI clients beyond October 2022, due to the movement of H2H clients from head leasing into social housing. This has had the continued effect of limiting supply of social housing to J2SI clients.

COVID-19 was also observed to present some potential complexity in interpreting payable outcomes, particularly as the control group was captured pre-COVID. It was agreed that the outcome payment measurement would exclude COVID-19 related deaths and hospital bed days, although neither of these actually occurred. Furthermore, SHM management note that, if significant barriers had been observed to meeting performance targets due to COVID-19, the relationship with government was such that performance targets or outcome measures could have been further negotiated.

# Cost benefit analysis (CBA)

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| **Key evaluation questions guiding the CBA:**   * What was the economic and social impact of the J2SI PAD? * What was the cost of implementing J2SI SII and can the outcomes be attributed to the program as a PAD? * What are the direct and indirect economic and social benefits of implementing the J2SI PAD? |

The outcomes evaluation has demonstrated that the J2SI PAD resulted in improved outcomes for clients, across areas of stable housing, health and wellbeing, economic participation, increased social participation and increased independence. The CBA builds on these findings, by linking outcomes with associated economic benefits (see Figure 16).

Figure 16: J2SI PAD – outcomes evaluation and CBA linkage

This figure depicts the program outcomes that contribute to the two evaluation components. The outcomes evaluation examines stable housing, health and wellbeing, economic participation, social participation, and independence. The cost benefit analysis examines changes in service use and improved quality of life. 

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| **Key findings from the CBA** |
| In addition to improved outcomes, results from the CBA indicate that the J2SI PAD represented ‘value for money’ with a BCR of 2.20 and an NPV of $18.68 million over the analysis period.  Drivers of the positive BCR and NPV include:   * A reduction in clients’ monthly use of clinical mental health services across all service types analysed, resulting in an avoided cost of $3.6 million across the analysis period; * A reduction in clients’ monthly use of homelessness services across all service types analysed, resulting in an avoided cost of $8.8 million across the analysis period; * A reduction in clients’ monthly days in custody, resulting in an avoided cost of $4.5 million across the analysis period; and * An estimated value of improved quality of life $14.6 million.   In addition to seeing a decrease in the use of some services, J2SI PAD clients were found to increase their level of engagement with some community mental health, allied health, community supports, nursing services, family violence and sexual assault services. Consistent with the findings from the outcomes evaluation, this increased engagement may have contributed to a reduction in other tertiary services, and may signal increased help seeking behaviour. |

## Approach to the CBA

The development of this CBA has been undertaken with consideration given to the relevant guidance published by the Victorian DTF, including the Resource Management Framework (RMF) and the EIIF. The following section provides further detail on the approach undertaken to conduct the CBA.

### Defining the non-intervention group

A CBA measures incrementalcosts and benefits, relative to what might have occurred in the absence of the intervention. For the purposes of this CBA, a ‘service as usual’, non-intervention scenario has been assumed. Service as usual refers to the services a J2SI PAD client would have been expected to access in the absence of the program, such as homelessness intake services, continued support, crisis accommodation, post-crisis accommodation and brokerage. The non-intervention group excludes participants in programs such as Homeless to a Home (H2H) and Street to Home (StH) where more than 12 months of support is provided.

### Defining the community of interest

The community of interest (COI) refers to the group of people relevant in the analysis, sometimes referred to as the ‘referent group’ or the ‘scope of the analysis’. These people represent the beneficiaries of the incremental costs and benefits. For the purposes of this CBA, the COI is defined as the State of Victoria, and includes residents, businesses and government.

### Model assumptions and parameters

CBA assumptions and parameters are provided in Table 12.

Table 12: CBA assumptions and parameters

|  |  |  |
| --- | --- | --- |
| Parameter | Value | Basis |
| Analysis period | Funding period and 10 years from end of funding disbursement (FY19 – FY34) | An analysis period of 10 years from the end of the funding disbursement has been adopted to enable all costs and benefits to be captured, recognising that the program benefits are expected to be realised beyond the program’s service delivery period. Program benefits were measured during the funding period and have been extrapolated at the actual level measured during the subsequent period. Indicative testing suggested most benefits continued to be realised in the period post-program and most continued to improve over time. Benefit realisation post program also factors in a five per cent attrition rate per year for participants. |
| Discount rate | 4% | DTF preferred value for discounting of benefits from social interventions that are not easily monetised |
| Base period | FY19 | Start of evaluation period and funding disbursement |
| Price year | FY24 | Current period |
| Sensitivity analysis | Evaluation period (8 and 10 years from the start of funding disbursement)  0, 1, 7 and 10% discount rate sensitivity  20% +/- costs  20% +/- benefits  Key variable tests | Sensitivity testing undertaken using EIIF assumptions/parameters |

### Cost inputs

The total J2SI PAD program costs are provide in the table below, and include:

* Costs incurred by SHM as part of program delivery, including staff salaries and wages;
* Costs associated with third parties, including the consultants, legal fees and UWA; and
* Costs associated with head leasing.

Table 13: Cost inputs – Nominal (in years incurred)[[49]](#footnote-50)

| **Program costs** | **Amount of payment** |
| --- | --- |
| SHM | $11,187,874 |
| Third parties | $1,455,429 |
| Head leasing | $3,232,277 |
| Total (nominal) | **$15,875,581[[50]](#footnote-51)** |

It is acknowledged that some additional costs have not been captured, primarily the administrative costs incurred by DTF, DFFH and Homes Victoria. These additional costs have not been captured due to difficulties in reliably estimating them, particularly given that these resources only spent a portion of their time on the J2SI PAD.

Service as usual costs for the non-intervention group have not been included as a cost. This is due to the change in service use benefit (discussed below) already capturing the incremental difference in service costs between the service as usual non-intervention cohort and the J2SI PAD cohort.

### Benefit inputs

Identification of J2SI PAD benefits was undertaken in collaboration with the EWG and builds on the program outcomes previously identified. In line with Figure 16 above, the benefits captured within this CBA related to changes in clients’ service use and improved quality of life. Each benefit, and the approach to quantification, is discussed in detail below.

#### Changes in service use

The J2SI PAD program resulted in a change in the way clients used health, social, and family violence services, in addition to their engagement with corrections, resulting in avoided service use. Statistical analysis of VSIIDR data has been undertaken to quantify this avoided service use, by estimating the J2SI PAD’s effect on clients’ service use, before monetising the effect by multiplying the marginal outcomes for each service use category (from the outcomes analysis) by the unit costs provided by DTF.

Clients’ service use in the first six months of the program has been disregarded for the purposes of this benefit calculation, in recognition of the fact that J2SI PAD clients did not immediately enter into stable housing, and therefore were unlikely to see meaningful change in service use during this initial phase of the program. This delayed effect was discussed and agreed in collaboration with the EWG.

In line with the CBA approach of measuring incremental program benefits, and as previously discussed, the J2SI PAD client cohort and a service as usual non-intervention group were identified in VSIIDR. The non-intervention group was identified using set filters, which enabled the identification of individuals who would have been eligible for the J2SI PAD at some point in time, however, did not participate in the program. Use of these filters meant that individuals included in the non-intervention group met the following criteria:

* Not being a refugee;
* Being aged between 25 years and 65 years;
* Income source not being Age pension, Austudy/ABSTUDY, carer allowance, carer payment, employee income, parenting payment, sickness allowance, unincorporated business income or youth allowance;
* Not in a program providing more than 12 months of support such as H2H or StH;
* Recorded three consecutive years of at least 42 days of sustained homelessness service use each year; or
* Recorded three consecutive years of at least 30 days of sustained homelessness service use each year.

Following filtering of the VSIIDR data, testing and refinement was undertaken to ensure the appropriateness of the observations for the purposes of the non-intervention group. Table 13 presents descriptive statistics of the two groups. It is noted that there is some imbalance in cohort characteristics, which has been addressed in two ways: by performing a statistical analysis on a matched (weighted) sample, and by including control terms in the statistical model equation.

Table 14: J2SI PAD and non-intervention cohorts descriptive statistics

| Group | J2SI PAD | Non-intervention group |
| --- | --- | --- |
| Sample size, n | 174 | 881 |
| Age, mean years | 41.3 | 40.9 |
| Gender, male % | 63.0% | 57.2% |
| Indigenous status, % | 8.1% | 14.8% |
| Born overseas, % | 17.9% | 9.1% |

With the J2SI PAD and non-intervention groups identified, statistical modelling using panel data methods was undertaken to estimate the program’s incremental effect.

The analysis produced statistically significant marginal effects (differences) in service use between the J2SI PAD and non-intervention groups, on a per participant, per year basis for the duration of the program (adjusting for the six month delay), for the services included in Table 15.

Table 15: Table of variables and their margins on a per unit (person-months) basis

| Service | Variable description | Unit | Marginal effect / difference | Total Monetised benefit (real, $FY24) |
| --- | --- | --- | --- | --- |
| ED | Presentation Illness | Per presentation | -0.282 | $178,267 |
| ED | Presentation Injury | Per presentation | -0.088 | $43,124 |
| ED | Presentation Other | Per presentation | -0.075 | $28,424 |
| ED | Presentation Poison | Per presentation | -0.096 | $68,858 |
| ED | Presentation Psychology | Per presentation | -0.128 | $92,465 |
| Acute | Rehab | Bed Days | -0.040 | $46,441 |
| Acute | Maintenance | Bed Days | 0.000 | $0 |
| Acute | Other | Per episode | -0.240 | $2,051,365 |
| Non-admitted care | Allied Health | Number of contacts | -0.021 | $7,844 |
| Non-admitted care | Medical Consultation | Number of contacts | -0.019 | $9,176 |
| Community mental health | Mental Health | Occupied bed days | -0.623 | $201,746 |
| Community health | Allied Health | Hours | 0.516 | -$88,211 |
| Community health | Coordinated Support | Hours | 0.094 | -$16,343 |
| Community health | Nursing | Hours | 0.081 | -$12,053 |
| Clinical mental health | Acute | Occupied bed days | -1.005 | $1,461,976 |
| Clinical mental health | Non Acute, General (e.g. SECU and TSUs) | Occupied bed days | -0.109 | $116,163 |
| Clinical mental health | Prevention & Recovery Care (PARC) | Occupied bed days | -0.300 | $410,352 |
| Clinical mental health | Forensicare | Occupied bed days | -0.090 | $156,540 |
| Clinical mental health | Community | Service hours | -2.008 | $1,341,427 |
| Clinical mental health | Community care | Service hours | -0.172 | $127,908 |
| Homelessness | Homeless Accommodation - Short term | Accommodation nights | -21.227 | $4,514,384 |
| Homelessness | Homeless Accommodation - Medium/Long term | Accommodation nights | -5.796 | $167,975 |
| Homelessness | Homeless intake | Support days | -31.128 | $696,282 |
| Homelessness | Homeless support | Support days | -65.590 | $2,213,843 |
| Homelessness | Homelessness Discretionary Funds | Dollars | -850.357 | $1,252,665 |
| Corrections | Custody | Days | -8.524 | $4,541,508 |
| Ambulance | Ambulance transports | Transports | -0.360 | $722,197 |
| Family violence and sexual assault services | Sexual Assault Support Services | Service hours | 0.360 | -$103,005 |
| Family violence and sexual assault services | Specialist Support - Victim-Survivor | Service hours | -0.120 | $103,242 |
| Family violence and sexual assault services | Brokerage | Brokerage dollars | 148.800 | -$636,313 |
| **Total benefit (real, $FY24)** |  |  |  | **$19,698,227** |

#### Improved quality of life

The outcomes evaluation stream found that the J2SI PAD program resulted in improved stable housing and health and wellbeing outcomes for clients, which are important drivers of improved quality of life. This finding is substantiated by a broader evidence base underpinning housing first programs. There are several different established measures for capturing improved quality of life in a quantitative sense and, for this measurement, Quality Adjusted Life Years (QALY) have been used given its standardised nature and ease of monetisation when multiplied by the Value of a Statistical Life Year (VSLY).

A cross-sectional study undertaken by R.W. Albridge[[51]](#footnote-52) estimated the difference in QALYs between a sample of individuals experiencing homelessness compared to a sample of people in stable housing in London. The study found that one year of homelessness was associated with a loss of 0.117 QALYs.

To estimate the improved quality of life of J2SI PAD clients, the incremental QALY gain reported by Albridge has been applied to J2SI PAD clients in stable housing per year across the analysis period. Adjustments were made to ensure the benefit:

* Only captures incremental QALY gains relative to the service as usual non-intervention group. The purpose of this adjustment is in recognition of the fact that it is likely that some J2SI PAD clients would have entered into stable housing in the absence of the program and accrued the benefit. In order to estimate the proportion of clients who may have entered into stable housing, the VSIIDR data was used to calculate the change in service use benefit. The VSIIDR data included a social housing variable that flags individuals in the non-intervention group cohort (described above) who entered into housing across the analysis period and therefore can also be assumed to have realised the improved quality of life benefit. This number of people was subtracted from the J2SI PAD clients in stable housing who were accruing the benefit, with the margin of non-J2SI participants being out of housing in terms of total housing days estimated as being 36 per cent lower than J2SI participants. Given that the housing services for non-participants are not likely to be as secure and ongoing as J2SI, the actual margin of improvement for J2SI relative to non-J2SI participants is likely even greater. This is measured over the entire period and does not represent the outcome for J2SI participants; post-program effects may also drive an even greater benefit.
* Does not capture J2SI PAD clients who fell out of stable housing each year. For the purposes of the analysis, a five per cent annual attrition rate has been applied.

The benefit for improved quality of life has thus been calculated at $14,593,839.

## CBA results

The results of the CBA are summarised in Table 16. The outputs are shown in FY24 net present values and are incremental to the service as usual non-intervention group.

Table 16: Cost Benefit Analysis Outputs – Net Present Value

|  |  |
| --- | --- |
| **Evaluation Values ($m, 2023-24$)** |  |
| **Program Costs** |  |
| **Total costs** | **15.61 M** |
| **Avoided cost benefits** |  |
| ED | 0.41 M |
| Acute | 2.10 M |
| Non-admitted care | 0.02 M |
| Community health | -0.12 M |
| Community mental health | 0.20 M |
| Clinical mental health | 3.61 M |
| Homelessness | 8.85 M |
| Corrections | 4.54 M |
| Ambulance | 0.72 M |
| Family violence & sexual assault services | -0.64 M |
| **Quality of life benefit** |  |
| Improvement in QALY's | 14.6 M |
| **Total benefits** | **34.29 M** |
| **Results - Economic Performance Measures** |  |
| **Net Present Value (NPV)** | **18.68 M** |
| **Benefit Cost Ratio (BCR)** | **2.20** |

Results from the CBA show that there is an estimated net benefit of the J2SI PAD of $18.68 million (i.e. NPV), with a BCR of 2.2 over the analysis period. This finding indicates that the J2SI PAD represents ‘value for money’ compared to service as usual, with the quantified benefits of the program outweighing the cost. It is further noted that a conservative approach to the quantification of benefits has been taken, and the true economic benefit is likely higher. Overall, the BCR ranges from between 1.71 (10 per cent) to 2.68 (0 per cent) based on changes to the discount rate.

Drivers of the positive BCR and NPV include:

* A reduction in clients’ monthly use of clinical mental health services across all service types analysed, resulting in an avoided cost of $3.6 million across the analysis period;
* A reduction in clients’ monthly use of homelessness services across all service types analysed, resulting in an avoided cost of $8.8 million across the analysis period33F33F[[52]](#footnote-53);
* A reduction in clients’ monthly days in custody, resulting in an avoided cost of $4.5 million across the analysis period; and
* The estimated value of clients’ improved quality of life of $14.6 million.

In addition to seeing a decrease in the use of a range of services, J2SI PAD clients were found to increase their level of engagement with some community mental health, allied health, community supports, nursing services, family violence and sexual assault services, relative to the non-intervention group. Consistent with the findings from the outcomes evaluation, this increased engagement may have contributed to a reduction in other tertiary services, and may signal increased help seeking behaviour.

Unit costs for this analysis were sourced from Victorian Government data and are an input into the avoided cost to the Victorian government of providing an additional unit of service. While these costs are defined and applied on a per-unit basis, they are an average of both the fixed and variable costs of service provision and will not reflect the realised avoided cost of service provision arising from reduced service demand at the individual person level. The unit cost can change from year to year depending on when they are calculated and the data available (with an expectation these will change and be updated in the future).

### Sensitivity testing

Scenario and sensitivity analysis of the CBA is presented below (Table 17). The BCR is projected to range from between 1.43 (pessimistic scenario) and 2.68 (optimistic scenario) when considering alternative cost, benefit and period sensitivities.

An additional scenario aligned to the EIIF is included with the following parameters:

* Evaluation period 10 years from 2019;
* QALY improvement related benefits excluded;
* Induced costs removed;
* No discounting of costs or benefits; and
* Both standing charges and outcome payments included in costs.

Table 17: Sensitivity analysis

| Test | Program costs($) | Program benefits($) | NPV($) | BCR |
| --- | --- | --- | --- | --- |
| NPV (4%) – Base scenario | 15.6 M | 34.3 M | 18.7 M | 2.20 |
| NPV (0%) | 17.1 M | 45.7 M | 28.7 M | 2.68 |
| NPV (1%) | 16.7 M | 42.4 M | 25.7 M | 2.54 |
| NPV (7%) | 14.7 M | 28.3 M | 13.6 M | 1.92 |
| NPV (10%) | 13.9 M | 23.7 M | 9.8 M | 1.71 |
| Evaluation Period - 8 years | 15.6 M | 22.3 M | 6.7 M | 1.43 |
| Evaluation Period - 10 years | 15.6 M | 26.5 M | 10.9 M | 1.70 |
| Costs +20% | 18.7 M | 34.3 M | 15.6 M | 1.83 |
| Costs -20% | 12.5 M | 34.3 M | 21.8 M | 2.75 |
| Benefits +20% | 15.6 M | 41.2 M | 25.5 M | 2.64 |
| Benefits -20% | 15.6 M | 27.4 M | 11.8 M | 1.76 |



1. : Program logic

The below table summarises key findings against the Program Outcomes and Policy Outcomes defined in the program logic developed for this evaluation.

Table A - 1: Key findings against program logic outcomes - Program outcomes

| Outcome area | Key finding |
| --- | --- |
| Increased percentage of clients in stable housing, relative to control group | The J2SI PAD increased the percentage of clients in stable housing for all majority of cohorts, relative to control group. |
| Relative rate of improvement in the average number of hospital bed days (in the 12 months prior to measurement), compared to baseline, relative to control group | The J2SI PAD reduced the average number of hospital bed days for all cohorts, relative to control group. |

Table A - 2: Key findings against program logic outcomes - Policy outcomes

| Outcome area | Key finding |
| --- | --- |
| People receiving services are at the ‘centre’ of care and are given dignity and control over their own care | Average client satisfaction with SHM services remained high (above 4/5) across all phases, including responses to questions about dignity and person-centred care. |
| The design and delivery of J2SI SII is place-based and community-centred | J2SI PAD led to improvement, on average, in clients’ social participation. Evidence was heard that the PAD actively fostered cross-agency collaboration between SHM and Homes Victoria housing offices which sought to build and maintain connection with their community and that this informed approaches to social housing offers and tenancy support. |
| Service users can easily navigate services provided through J2SI as a SII | Average client satisfaction scores remained high across all phases, including questions relating to overall positive change in the client’s life (above 4.7/5 for all phases) and assistance to navigate the service system (above 4.3/5 for all phases). Service delivery staff described an active approach to connecting clients to services, including follow-up services following the support period. |
| Safety and wellbeing of service users are prioritised | The intensive case worker approach, coupled with housing-first principles, enabled SHM to prioritise the safety of clients and work towards their wellbeing goals. Average client satisfaction scores to question about perceived safety remained high (over 4.5/5 for all cohorts). |
| The problem of long-term homelessness, and the impacted cohort of individuals, are well articulated and understood | The program reached the client base for which it was intended, and was limited to clients experiencing long‑term homelessness. SHM service delivery staff demonstrated strong capabilities in working with complex cohorts to achieve program outcomes. |
| The right incentives are in place to drive desired outcomes | The payable outcomes were an element which drove improved J2SI PAD program outcomes, while financial penalties incentivised provision of social housing to J2SI PAD clients by government. |
| Measurable benefits are delivered to people transitioning out of homelessness | A strong majority of J2SI PAD clients (92.45 per cent of Cohort 3.1 and 84.31 per cent of Cohort 3.2) remained in stable housing at the final 48 month payable outcomes reporting period. Clients responded very positively to the client satisfaction survey question about the overall positive change SHM had made in their lives (above 4.7/5 on average for all phases). |
| Measurable benefits are delivered to the Victorian government | A number of benefits to the Victorian Government are detailed across this report, including avoided costs, increased accountability and rigour, increased collaboration and capability uplift. |
| J2SI is effective as a SII, and there is capability and capacity to deliver on this funding structure | The J2SI PAD consistently achieved payable outcomes targets across all phases. Key personnel across government and SHM were instrumental in the effective delivery of the program, and underwent capability uplift. |
| The impact investing transaction structure of J2SI shapes wider government service delivery, including in other Australian States and Territories | The J2SI PAD had a significant impact on other Victorian Government programs and policy, informing the broader PADs initiative, the J2SI PbR, the EIIF, and other housing-first programs. |
| Risks and returns are shared between investors, service providers and government | The J2SI PAD enabled shared responsibility over program risks and solutions to program issues that arose between government and service providers. |

1. : Summary of outcomes for Government and Sacred Heart Mission

The below tables summarise the outcomes of delivering the J2SI PAD for government and for Sacred Heart Mission, as per the Evaluation Questions. A summary of client outcomes is available on page 13.

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| **Summary: Outcomes for government**  Key outcomes for government stakeholders observed in this evaluation included:   * For all government stakeholders, particularly housing stakeholders and the Government Contract Manager, new ways of working based on joint governance and shared responsibility. These helped to increase government accountability for their contribution to the J2SI PAD and working towards client outcomes. * For all government stakeholders, impact on broader homelessness policy and programs based on learnings from the J2SI PAD, most notably seen through the J2SI PbR and H2H programs, as well as the expansion of the PADs program and EIIF. * For all stakeholders, a stronger relationship with the service provider and a consistent degree of collaboration from the program governance level to day-to-day service delivery. * For DTF, increased capabilities in social impact programs and outcomes-based funding, including the expansion of the EIIF program and development of purpose-built, in-house tools based on learnings from the J2SI PAD. * For data analysis stakeholders, increased rigour and exposure to areas outside business as usual, contributing to capability uplift and efficiencies in the process over time. * For housing stakeholders, development of a new and more efficient structure to deliver housing into the J2SI PAD via a centralised agency, reducing duplication and inconsistencies between housing offices. |

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| **Summary: Outcomes for Sacred Heart Mission**  Outcomes for Sacred Heart Mission stakeholders observed in this evaluation included:   * Stronger partnerships and further strengthened reputation with government stakeholders, particularly observed with housing departments, which positively influenced government willingness to provide additional social housing into SHM programs (both J2SI and non-J2SI). * Strengthened internal capabilities, in both governance roles and service delivery roles, through a strategic focus on bringing key skills in-house and processes for knowledge sharing across the J2SI PAD delivery team. * Increased rigour in the collection and interpretation of client data to support payable outcomes. * Key learnings from the J2SI PAD directly led to SHM continued commissioning to develop and deliver the J2SI PbR. * Strengthened evidence base for what works in homelessness service delivery, leading to a change in the organisational service model towards a continuum of care model, reflecting elements of the J2SI PAD. |

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This report has been prepared as outlined with the Department of Treasury and Finance in the Scope Section of the engagement letter 31 August 2021, and variation dated 27 July 2023. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

The findings in this report are based on the collection of qualitative and quantitative data for the purpose of evaluation, with findings based on the data and information provided by the Department of Treasury and Finance, Department of Families, Fairness and Housing and Sacred Heart Mission.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation obtained as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

1. Sacred Heart Mission. (2023). Journey to Social Inclusion (J2SI). Sacred Heart Mission. Accessed from: <https://www.sacredheartmission.org/service/housing-support/journey-to-social-inclusion/> [↑](#footnote-ref-2)
2. Johnson, G., Kuehnle, D., Parkinson, S., Sesa, S. & Tseng, Y. (2014) Resolving long-term homelessness: A randomised controlled trial examining the 36 month costs, benefits and social outcomes from the Journey to Social Inclusion pilot program. Sacred Heart Mission, St Kilda. [↑](#footnote-ref-3)
3. Seivwright, A., Callis, Z., Thielking, M., & Flatau, P. (2020). Chronic homelessness in Melbourne: third-year outcomes of Journey to Social Inclusion Phase 2 study participants. [↑](#footnote-ref-4)
4. The Housing First model prescribes safe and permanent housing as the first priority for people experiencing homelessness. [↑](#footnote-ref-5)
5. TICSPOT© has been developed and tested by SHM over many years. The survey was validated by the Centre for Social Impact, University of Western Australia in June 2019. © Sacred Heart Mission Inc. 2019. All rights reserved [↑](#footnote-ref-6)
6. The JWG provided overarching advice/guidance across the J2SI PAD, with representation from DFFH/Homes Vic, SHM and DTF [↑](#footnote-ref-7)
7. See Page vi for an overview of client outcomes [↑](#footnote-ref-8)
8. Average across the three cohorts [↑](#footnote-ref-9)
9. This is the difference between entry and exit TICSPOT scores. [↑](#footnote-ref-10)
10. Average across the three cohorts [↑](#footnote-ref-11)
11. The baseline represents clients’ average monthly service use in the 2.5 years prior to commending in the program [↑](#footnote-ref-12)
12. An analysis period of 10 years from the end of the funding disbursement has been adopted to enable all costs and benefits to be captured, recognising that the program benefits are expected to be realised beyond the program’s service delivery period. Program benefits were measured during the funding period and have been extrapolated at the actual level measured during the subsequent period. Indicative testing suggested most benefits continued to be realised in the period post‑program and most continued to improve over time. Benefit realisation post program also factors in a five per cent attrition rate per year for participants. [↑](#footnote-ref-13)
13. This figure has been calculated by taking the annual program net benefit (historical and projected - in real terms at a four per cent discount rate), and dividing this net benefit by the incremental number of J2SI PAD participants in stable housing relative to the non-intervention group, adjusting for a five per cent attrition rate – i.e. five per cent of people fall out of stable housing each year and stop accruing benefit. [↑](#footnote-ref-14)
14. Although the 30-day criterion may been seen as a sub-set of the 42 day criterion, people were identified within the data as meeting either the 30 or 42-day criterion. As such, they have been separated out here. [↑](#footnote-ref-15)
15. Reference to ‘3’ reflects that the J2SI PAD was the ‘third’ iteration of the J2SI program. This is discussed further on the page that follows. [↑](#footnote-ref-16)
16. Sacred Heart Mission. (2023). Journey to Social Inclusion (J2SI). Sacred Heart Mission. Accessed from: <https://www.sacredheartmission.org/service/housing-support/journey-to-social-inclusion/> [↑](#footnote-ref-17)
17. The Housing First model prescribes safe and permanent housing as the first priority for people experiencing homelessness. [↑](#footnote-ref-18)
18. TICSPOT© has been developed and tested by SHM over many years. The survey was validated by the Centre for Social Impact, University of Western Australia in June 2019. © Sacred Heart Mission Inc. 2019. All rights reserved [↑](#footnote-ref-19)
19. This definition of stable housing is stricter than standard definitions. The AIHW defines stable housing for the purposes of the Specialist Homelessness Services Collection, as a person who ends support from Specialist Homelessness Services agencies in public or community housing (renter or rent free), private or other housing (renter, rent free or owner), or institutional settings. [↑](#footnote-ref-20)
20. Johnson, G., Kuehnle, D., Parkinson, S., Sesa, S. & Tseng, Y. (2014) Resolving long-term homelessness: A randomised controlled trial examining the 36 month costs, benefits and social outcomes from the Journey to Social Inclusion pilot program. Sacred Heart Mission, St Kilda. [↑](#footnote-ref-21)
21. Seivwright, A., Callis, Z., Thielking, M., & Flatau, P. (2020). Chronic homelessness in Melbourne: third-year outcomes of Journey to Social Inclusion Phase 2 study participants. [↑](#footnote-ref-22)
22. Control group data for J2SI Phase 2 RCT was collected from January 2015 to October 2019. [↑](#footnote-ref-23)
23. Average across the three cohorts. [↑](#footnote-ref-24)
24. This is the difference between entry and exit TICSPOT scores. [↑](#footnote-ref-25)
25. Payable outcome results for Cohort 3.3 are reported for the 36-month measurement data, as the 48-month measurement data is not yet available. [↑](#footnote-ref-26)
26. When interpreting results from the TICSPOT survey, a score of 5 represents the ‘most’ positive response to the question asked, while a score of 1 represents the ‘least’ positive response. In some instances, this can appear counterintuitive to the question asked, however standardising the scoring in this way allows for the comparison of responses between questions. [↑](#footnote-ref-27)
27. No significance testing was undertaken as part of the analysis of TICSPOT survey responses. [↑](#footnote-ref-28)
28. This section comments on changes in client scores from entry (initial) to exit. Further commentary on trends is provided in the accompanying Appendix on page 55. [↑](#footnote-ref-29)
29. With the exception of responses relating to clients needing to manage housing issues [↑](#footnote-ref-30)
30. Initial = program entry survey, R01 = review 1 (6 months), R02 = review 2 (12 months), R03 = review 3 (18 months), R04 = review 4 (24 months), R05 = review 5 (30 months), Exit = program exit [↑](#footnote-ref-31)
31. [↑](#footnote-ref-32)
32. When interpreting results from the TICSPOT survey, a score of 5 represents the ‘most’ positive response to the question asked, while a score of 1 represents the ‘least’ positive response. In some instances, this can appear counterintuitive to the question asked, however standardising the scoring in this way allows for the comparison of responses between questions. [↑](#footnote-ref-33)
33. Average across the three cohorts [↑](#footnote-ref-34)
34. The baseline represents clients’ average monthly service use in the 2.5 years prior to commending in the program [↑](#footnote-ref-35)
35. Service utilisation trends are only shown until 30 months for total clients and for Cohort 3 clients, as the linked data is only available until December 2022. At this point, J2SI PAD Cohort 3 clients still had approximately eight months of the program remaining. Please note the ‘baseline’ measurement included within the VSIIDR service used graphs throughout this section represent clients’ average presentation/use/hours per month per person in the 2.5 years prior to the client entering into the program. [↑](#footnote-ref-36)
36. Parliament of Victoria Legislative Council (2018). Inquiry into the Public Housing Renewal Program. Accessed from: <https://new.parliament.vic.gov.au/4a80e1/contentassets/c0fced4491df40e5a8e95c27aa7350c3/lsic_58-11_phrp_text_web.pdf>. [↑](#footnote-ref-37)
37. Homes Victoria (2023). Applications on the Victorian Housing Register (VHR) [web]. Accessed from: <https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr>. [↑](#footnote-ref-38)
38. AHURI. (2018) What is the Housing First model and how does it help those experiencing homelessness? Accessed from: https://www.ahuri.edu.au/analysis/brief/what-housing-first-model-and-how-does-it-help-those-experiencing-homelessness [↑](#footnote-ref-39)
39. The seven client outcomes collected as part of the PbR are: increased stable housing, reduced hospital bed days, reduced rough sleeping episodes, reduced ED presentations, reduced police interactions, increased independence and increased social connectiveness [↑](#footnote-ref-40)
40. Parkinson, S., & Johnson, G. (2014). Integrated intensive case management in practice: Final process evaluation of the Journey to Social Inclusion program. Available at SSRN 3475963. [↑](#footnote-ref-41)
41. Seivwright, A., Callis, Z., Thielking, M., & Flatau, P. (2020). Chronic homelessness in Melbourne: third-year outcomes of Journey to Social Inclusion Phase 2 study participants. [↑](#footnote-ref-42)
42. J2SI JWG – Meeting 11 – 11 March 2021 – Year 4 Support for Cohort 1 (internal documentation provided to KPMG) [↑](#footnote-ref-43)
43. State of Victoria. (2022). Partnerships Addressing Disadvantage. Department of Treasury and Finance. Accessed from: <https://www.dtf.vic.gov.au/funds-programs-and-policies/partnerships-addressing-disadvantage> [↑](#footnote-ref-44)
44. State of Victoria. (2022). Early Intervention Investment Framework. Department of Treasury and Finance. Accessed from: <https://www.dtf.vic.gov.au/funds-programs-and-policies/early-intervention-investment-framework> [↑](#footnote-ref-45)
45. TICSPOT 2.0 was refined to reduce the length of time required to complete each survey, and applied more efficient data input, analysis and report generation functions, compared to the original TICSPOT survey used for J2SI Phase 2 RCT and other SHM programs. [↑](#footnote-ref-46)
46. It is noted, however, that that PbR retains the same two payable outcomes as the PAD, with other client outcome measures being for program reporting only. [↑](#footnote-ref-47)
47. PADs currently underway which have been introduced since the J2SI PAD are the Living Learning, Side by Side, and Arc programs focusing respectively on education and wraparound mental health support for young people, students and family support for primary school students, and homelessness support post-release from prison. [↑](#footnote-ref-48)
48. It is acknowledged that DFFH Executives were not consulted as part of this evaluation. [↑](#footnote-ref-49)
49. At a high level, nominal total represents the expenditure in the period in which it was incurred, while the real total brings all expenditure into FY24 dollars, and discounts future costs to account for the time value of money, i.e. a dollar today is worth more than a dollar in future periods. [↑](#footnote-ref-50)
50. The nominal cost figure differs from the cost used in the CBA as these have been escalated into the Price Year then discounted to the Base Period. [↑](#footnote-ref-51)
51. Homelessness and Quality Adjusted Life Years: Slopes and Cliffs in Health Inequalities a Cross-sectional Survey, International Journal of Epidemiology, R.W. Albridge [↑](#footnote-ref-52)
52. As noted in the cost input section above, costs of the non-intervention group were not included as a cost input due to this group’s service use being captured here as an avoided cost. [↑](#footnote-ref-53)