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OUTCOMES: RESEARCH INTO PRACTICE

National Outcomes Measurement
Research Agenda Working Paper No. 3

Sector Practice & Policy Issues

CONTENTS

THE NATIONAL OUTCOMES MEASUREMENT RESEARCH AGENDA

Grant Thornton Australia and the University of Western Australia[1] are jointly investing in a three-year research program designed to build the capacity of Not-for-profits in the area of outcomes specification, measurement and reporting, and to provide practical and effective tools to assist them respond to increasing demand for outcomes-based practices. The primary focus is on Not-for-profit human services organisations.

The objectives of the National Outcomes Measurement Research Agenda are to build on previous work in this area to:

a   identify key issues related to the successful implementation of outcomes reporting frameworks in Not-for-profit organisations providing human services;

b   develop and implement a research and practice program of high integrity and quality;

c   combine the strengths and experience of the research partners to ensure that their understanding and capacity is fully brought to bear on this program;

d   partner with the Not-for-profit human services sector to ensure research outputs are reflective of the real situation being faced within the sector, that outputs are industry-ready and that they support industry requirements; and

e   create tools and resources that support the above, and disseminate these as widely as possible.

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1.   This research program was transferred from Curtin University of Technology's Not-for-profit Initiative when the Chief Investigator, Professor David Gilchrist, transferred from Curtin to the University of Western Australia in early 2017.

THE NATIONAL OUTCOMES MEASUREMENT RESEARCH AGENDA

FIGURE 1: **THE NATIONAL OUTCOMES MEASUREMENT AGENDA**

2016

Scope the problem
Develop working paper 1

Test industry
Develop working paper 2
(published 2017)

2017

Respond to need
Develop working paper 3
(published 2018)

2018

Implementation and evaluation
Develop working paper 4
(to be published 2018)

A schematic positioning of each year's activities undertaken by the National Outcomes Measurement Research Agenda is provided in Figure 1 above.

Working Paper No. 1: Scope of the problem

In 2016, we developed and released our first working paper in this series. It focused on the key attributes of effective outcomes measurement as well as the main challenges faced by the sector in pursuing such measures.[2] It describes in more detail the purpose of this research program and therefore this report should be read in conjunction with Working Paper No. 1.

Working Paper No. 2: Testing the industry

The following year, in 2017, we released Working Paper No. 2.[3] We undertook a focused survey of CEO's, Directors and other staff to understand what is happening in the human services sector today – what is being done, what barriers are being experienced in outcomes design, measurement and reporting, and what appetite there is for a continued focus on their ongoing improvement.

Working Paper No. 3: Responding to the need (this paper)

During 2017, we undertook focus groups in three major cities in Australia to delve deeper into our initial survey results. The aim was to establish organisational needs, to consider examples of tools and supports currently available, and to examine reporting, assurance, procurement and policy issues – all in terms of the practical implementation of outcomes reporting within human services organisations. The results of this work, reported here, inform the policy framework both internal to human services providers and external in terms of the human services sector and its articulation with government procurers.

Working Paper No. 4: An organisational outcomes framework (to come)

This paper, due in mid 2018, is the culmination of our research and focus group feedback on an implementable framework for the Not-for-profit sector.

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2. Gilchrist, D. J., and P. A. Knight, (2016), Outcomes Research into Practice, A Report for Grant Thornton Australia, Melbourne, Australia.
3. Gilchrist, D. J. and P. A. Knight (2016), Outcomes: Research into Practice: Working Paper No. 2, A report for Grant Thornton Australia, Melbourne, Australia

WHAT DID WE DO TO DEVELOP THIS REPORT?

In August 2017, the researchers held three focus groups, one each in Brisbane, Melbourne and Sydney. The focus groups were attended by a mix of senior level employees from Not-for-profit human services organisations, including those organisations providing child protection services, youth support services, refugee settlement services, employment services, disability services and aged care services. The groups were held in the Grant Thornton office in each city.

The personnel from participating organisations included Chief Executive Officers, Chief Financial Officers, service managers and volunteer directors. While we were keen to hear from as many people as possible, the focus group process was designed to allow a small number of people to have the opportunity to give their specific comments and to allow for those comments to be teased out in some depth.

Each focus group was led by the Chief Investigator, Professor David Gilchrist, while Grant Thornton partners from each office also participated – they were an invaluable resource both in the context of contributing their expertise and experience, having worked in the sector, in terms of maintaining the focus on practical outcomes. Three questions were asked at the outset in order to focus participants' thinking. Building on the work done in the previous stages (wherein participants agreed that outcomes reporting was a critical development for human services in Australia), the three questions were:

1   What do you want to use outcomes measurement for?
2   How high a priority is it for your organisation?
3   Do you have particular outcomes in mind?

While we sought to answer these questions, the focus groups were also designed to identify what was top-of-mind for participants, what they might prefer to talk about and what the key activities were that the participants were undertaking. Therefore, the focus groups were free-ranging and led by the interests of the participants. The focus group sessions were divided into two discrete sections. A central tenet of the National Outcomes Measurement Research Agenda is that we are keen to leverage and build upon elements already available in the sector. As such, the first half of each session consisted of a presentation from the Chief Investigator which examined a number of existing outcomes reporting schemes. We then sought feedback from participants in relation to these examples and how they might be perceived in participating organisations.

The examination of these extant models was prefaced by the presentation of a decision-making framework which was used to both set the discussion and to maintain a practical focus on the rationale for outcomes measurement. This was included with the description of existing frameworks as part one of each focus group.

The second half of each session built upon the discussion and examples by asking participants to describe what they saw as their organisation's needs with respect to the identification, measurement and reporting of outcomes. This discussion ranged over a number of areas including in relation to elements of deficiency in organisations—these included in no particular order: whether or not outcomes were needed to be measured for organisations after all; tools and supports required; financing impacts; the need for independent assurance; co-design; and reporting challenges.[4] The remainder of this document reports on this discussion.

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4.   Queries and requests for information regarding methodology and data should be directed to Professor David Gilchrist: david. gilchrist@uwa.edu.au.

WHAT DID WE FIND?

Part One: Existing Systems

As described above, the first part of each focus group examined a set of examples of outcomes measurement tools in order to examine them and to provide a context for comments regarding the practicality of implementing them and whether alternate and differing models need to be created.

The Decision-Making Framework

In order to contain the discussion within manageable bounds and to set the scene for a practical discussion pertaining to outcomes, the Chief Investigator provided a model for decision making that seeks to rationalise the dichotomy between mission and financial sustainability—the constant balancing act faced by directors of human services organisations where they need to create strategies that support the organisational Mission while responding to the financial sustainability realities inherent in the modern funding environment.

FIGURE 2: **SCHEMATIC REPRESENTATION OF THE STRATEGIC BALANCE BETWEEN MISSION ACTIVITIES AND UTILITY ACTIVITIES**
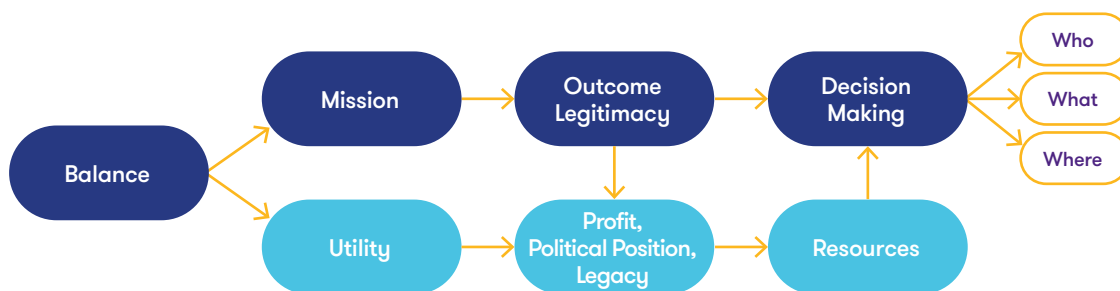

Figure 2 provides a schematic representation of this model. As can be seen, outcomes measurement can be a critical part of decision making in terms of both mission and sustainability. There is a need for organisations to consider the profitability[5], political position and the legacy they are building for their organisation. These are very practical realities that, if managed properly, achieve utility by enhancing the organisation's resource base.

Mission, on the other hand, is the raison d'etre of the organisation – the "why". In an ideal world, a mission-focused organisation, such as a charity or Not-for-profit, would be resourced sufficiently to undertake all of the work it needs to in order to extinguish demand for the services and/or supports it provides.

Achievement of the mission should be measured by reference to outcomes achieved and this was reported in Working Paper No. 2 of this series. Outcomes were confirmed in that report to provide legitimacy (enhancing practical elements such as funding success and building social acceptance) and also important management information. As such, outcomes measurement is seen as relevant in the fight for resources as well as to the decision-making process surrounding the key strategic questions: (1) to whom do we provide services; (2) what services should we provide: and (3) where should we provide them?

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5. Profitability is used here as short hand for funding success and financial sustainability.

Further, in Working Paper No. 2 we reported that outcomes measurement enhances such practical elements of organisational design as: (1) cultural maintenance; (2) client focus; (3) service quality; and (4) confirmation of Mission-centricity and achievement.[6] It is the cost of outcomes measurement combined with the investment required in its establishment that forces a balanced approach. In considering this balance, the focus groups were introduced to a range of existing outcomes measurement frameworks upon which they were asked to comment.

Existing Outcomes Measurement Frameworks

Appendix one provides a list of examples of outcomes measurement tools which exist, are publicly available and which are either designed to, or can assist with, the measurement of human services outcomes. It is important to note that these frameworks were not necessarily specifically considered to be outcomes measurement frameworks by their authors. More properly, they might be referred to as "social measurement frameworks" or, perhaps, "well-being measurement frameworks".

However, it was agreed in focus groups that the types of things measured by these frameworks are equally useful in measuring outcomes. In other words, the frameworks listed in appendix one can provide a metricised picture of the relative position of those people's situations they measure and they can be used to develop a picture of relative change in terms of "before and after" service delivery.

By and large, the various measurement tools collect data via questionnaires and use that data to quantify certain attributes relative to the whole life of the individual being measured. The measurement tools focus on six key domains and these are expressed in figure 3 below. However, the domains are differently emphasised in each measurement tool and, depending on an organisation's mission and work, a particular model may be more effective for that organisation than another for this reason alone.

Of course, these are only examples of measurement tools and there are many others.

FIGURE 3: **OFF-THE-SHELF OUTCOMES MEASUREMENT TOOLS: KEY DOMAINS MEASURED**

| Income | Employment | Education/skills |
| Health | Social Exclusion | Community |

6. Working Paper No. 2: Page 9.

WHAT DID WE FIND?

The focus groups agreed that these domains were representative of the key elements that characterise disadvantage. The focus groups also agreed that the use of off-the-shelf models provided a number of advantages:

Credibility: being developed by an unrelated party, the measures appear to be more acceptable as their measurement processes have been developed without an interest in the results reported (i.e. the developing organisation and the reporting organisation are not related). Indeed, the author organisations also add credibility given their respected names (e.g. Brotherhood of St Lawrence);

Validity: the tools were developed (or appear to be developed) in a robust way and so the results are more likely to be robust;

Efficacy: the measuring tools have been used iteratively over a period of time so that they are likely to be refined and the situations reported are likely to be representative of reality;

Disaggregate-able: for a number of the measures represented, components can be measured in isolation of the entire model so that outcomes can be based on these measures without necessarily using the entire model where only components of the model are relevant to the work of the human services provider;

Definitional Clarity: the use of a model created externally to the measuring organisation and which has been used for some time allows for clarity of meaning in terms of what is being measured and how the measurements might be interpreted; and

Governance / Corporate Measurement: it was agreed that the use of these models would allow for aggregate organisational results to be reported more effectively as definitional clarity and quantified results are able to be reported at the corporate level giving directors a clearer view as to organisational achievement.

However, the participants also agreed that there are likely some deficiencies related to the use of such models. For instance:

Relevance: not all models are relevant to the work undertaken by the measuring organisation—using a measure that is not relevant to the work being done may result in poor decision making, lack of attribution (that is, the work being done is not actually impacting the results being reported) and/or misrepresentation of success levels;

Quantitative Validity: the focus groups observed that the models are not necessarily wholly quantitative in nature. That is, while the domains were considered appropriate, the questions used to arrive at measurements still resulted in significant subjective responses that might have been answered differently for differing individuals. Further, it was also identified that the measurement of outcomes related to services supporting children were particularly susceptible to subjectivity as the children themselves may not have been in a position to respond effectively (e.g. staff might complete a questionnaire); and

Universality: it was also identified that the models relate to wellbeing measurements rather than more specific outcomes that might be related to treatments or some other support or service. Equally, though, it was agreed that the domains represented were appropriate longer-term measurements and that other metrics might be used in the shorter term or as interim measures.

By way of example, the high-level domains of the Social Inclusion Monitor, developed by the Brotherhood of St Laurence, are provided in figure 4 below together with the measurement elements that make up the model. For demonstration purposes, two randomly selected domains have been highlighted and it is suggested that these domains can be measured independently so that, if an organisation is concerned to identify and measure outcomes for these elements only, they can do so.

FIGURE 4: BROTHERHOOD OF ST LAURENCE—SOCIAL INCLUSION MONITOR

Material resources
- Low income
- Low net worth
- Low consumption
- Financial hardship
- Financial status

Education and skills
- Low education
- Low literacy
- Low numeracy
- Poor English
- Little work experience

Employment
- Jobless household
- Long-term unemployment
- Unemployment
- Underemployment
- Marginal attachment to workforce

Social connection
- Little social support
- Infrequent social activity

Health and disability
- Poor general health
- Poor physical health
- Poor mental health
- Long-term health condition or disability
- Household has disabled child

Community
- Low neighbourhood quality
- Disconnection from community
- Low satisfaction with the neighbourhood
- Low membership of clubs and associations
- Low volunteer activity

Personal safety
- Victim of violence
- Victim of property crime
- Feeling of being unsafe

Part Two: Identified Needs

The discussions pertaining to needs and priorities with respect to outcomes measurement were wide-ranging and complex. Individual participants framed their comments by referencing their organisation's Mission, the cost of outcomes measurement implementation and ongoing management, the lack of necessary skills and capacities within their organisations and organisation's relationships particularly with funding government agencies but also with what appeared to many to be the increasingly important role of philanthropy.

As such, we have framed the responses, comments and suggestions made by participants, as well as questions raised, into four categories. This is a useful step as it allows for a simplification of the findings into key categories and for the isolation of specific issues which might have been raised by differing groups in different ways. Additionally, it allows for the identification of the key issues raised. Where ancillary issues of interest were raised, these have also been commented upon in the appropriate categories. The categories established are: (1) Internal Governance; (2) External Governance (Accountability & Acquittal); (3) Government Funders and Outcomes Design; and (4) Some Practical Issues. For the sake of clarity, the key questions are reproduced below:

1   What do you want to use outcomes measurement for?
2   How high a priority is it for your organisation?
3   Do you have particular outcomes in mind?

Internal Governance

The focus groups identified a number of elements that were relevant to the internal governance of their organisations in the context of the questions raised. Specifically, these are provided below in figure 5. Each element relates to a governance focus such as individual client objectives and desires. The governance elements impact management levels, such as the board, executive or line management.

FIGURE 5: **FOCUS GROUP RESPONSES TO QUESTIONS—INTERNAL GOVERNANCE**

Government element	Impacted corporate level	Decision making & reporting context	Frequency of reporting	Report types
Individual Client Objectives and Desires	Managers & Staff	Aggregate to Corporate Level Outcomes & Other Indicators	Activities – Monthly Outcomes – Upon Annual Review	Outcomes Activities Achievements
Strategic Planning and Control: Decision Making & Performance	Board & Executive	Strategic Plan: Three to Five Year Horizon	Quarterly, Bi-annual, Annual	Outcomes Reporting
Strategic Planning Implementation	CEO and Managers	Annual Strategic and Operational Plans	Monthly	Lead Indicators Reporting
Tactical Planning & Implementation	CEO & Managers	Operational Plans	Daily, Weekly, Monthly	Key Performance Indicators (KPIs) Reporting
Performance Monitoring & Staff Performance	Managers and Staff	Resourcing Plans, HRM Plans	Six-Monthly	Performance Indicators (PIs) Reporting

Informs

The focus groups saw that there is a need to integrate the various reporting types in order to be effective. That is, the identification of outcomes measures – always starting with the client – should inform all subsidiary reporting, while the subsidiary reporting should inform those charged with governance as to the likelihood that the outcomes will be achieved. This is especially important as all focus group participants agreed with the findings identified in the second report related to this project that outcomes can often take more than a single operating year to be achieved if they are to be meaningful.

As such, the focus group participants considered that the identification of outcomes at a corporate level should be driven by individual client outcomes which should, in turn, drive the information needs of all personnel and inform the governance framework. Key challenges identified by participants in the context of this structure included: (1) the complexity of ensuring attribution – that what is measured is caused by the process being evaluated; (2) the complexity of aggregating individual clients' outcomes into corporate level reports; (3) the difficulty of ensuring the outcomes reported (together with subsidiary reports) are not manipulated by those with an interest; and (4) the difficulty of ensuring the outcomes being measured are central to the culture of the organisation via the establishment of appropriate Key Performance Indicators (KPIs) and Performance Indicators (PIs) – this was important to some participants who considered that outcomes measurement has not been embraced by those in organisations beyond the management ranks.

As can be seen, the participants considered that outcomes measurement is an important part of the overall governance framework but it is not everything. Most participants considered that there remains a need for KPIs to be used as well as PIs for staff performance evaluation and day-to-day decision making. Outcomes reporting must also be of value to the organisation.

External Governance

The focus group participants also agreed that the measurement of outcomes is critical to responding to external governance responsibilities. The participants agreed that outcomes measurement and reporting can be used to fulfil the accountability and acquittal requirements of funders and others. Importantly, focus groups members identified the following key issues:

Difficulty in Identifying Audiences for Corporate Outcomes Reporting: it was agreed that government funding agencies, philanthropists, and clients were all potential audiences for outcomes reporting. However, members of associations and charities as well as the families and natural supports of clients were also important recipients of outcomes reports.

Outcomes are an Administrative Cost: Focus group participants agreed that outcomes measurement costs in terms of both time and money. Its successful implementation requires investment in systems and training while information gathering can also add costs to the operational base of an organisation (e.g. the opportunity cost to deploying staff to collect, record and analyse outcomes data). However, a number of participants felt that this is a legitimate cost and one that funders need to recognise as an essential part of the process of providing successful human services.

Assurance: All focus groups agreed that it is critical that outcomes are accepted as legitimate (that is, they are reflective of the real results of the reporting organisation's efforts) and materially correct. As such, external assurance was seen as a significant and important part of the process which helps to ensure credibility of the system.

Content: one focus group in particular, raised the question as to what users of outcomes reports want, indicating that this was a major issue for the prospect of developing outcomes measurement processes that meet the acquittal and accountability needs of human services organisations but that are also representative of the individual service user needs.

Government Funders and Outcomes Design

Naturally, the focus of many participants' comments related to the place of government in the outcomes development and reporting process. Governments play a significant role in the funding of human services in Australia – this impacts the resources available for many services as well as how human services providers approach their work, acquit their use of public funds and the policy environment in which providers operate.

All governments in Australia are large and complex organisations. Most governments have identified that outcomes measurement and reporting are critical to achieving satisfactory advances in the nation's communities. However, there is also a disparity between the policy frame set by central government agencies (e.g. Chief Minister and Cabinet) and the practical procurement processes adopted by line agencies actually tasked with funding human service providers to undertake service delivery on behalf of the government.

The focus groups all agreed that there are considerable inconsistencies between government rhetoric and government action in the context of purchasing (or procuring) services from private Not-for-profit organisations. In short, it was identified that the following are key issues/needs which require recognition and response by governments prior to an effective outcomes measurement system being put in place. These issues are:

Co-Design: Relevant funding agencies must be involved in identifying outcomes measurements as well as the subsidiary measurements (such as KPIs), signing off together with the human services provider in terms of the type of outcomes, how they will be measured, reported (including in relation to timing) and assured.

Genuine Commissioning: Some members of focus groups identified that they believed that the procurement process (including tendering) was used by government agencies as a response to government purchasing rules which they believed to be inappropriate for human services. Rather, they considered that true commissioning, including co-design above, was co-operative and that comprehensive information flows between government procurers and human services organisations were critical. This would allow the procuring agencies to get to know their funded entities as well as to allow some control to migrate to the human services provider, requiring trust.

Decision Making Control: Some participants also indicated that there is need for a divestment of control in decision making, from central policy units and procurement divisions, to coal-face government staff as well as to human services providers. This was especially clear to many in relation to the issue of outcomes development and measurement and in the context of Individualised Funding and Person-Centred Care, where service users need to have a genuine opportunity for influencing outcomes design. This would include systems which would allow for local commissioning.

Funding: All focus groups identified that the drive to reduce funding while expecting human service providers to develop and implement outcomes reporting frameworks was incompatible. The importance of outcomes reporting has almost universally been recognised while the need for funding to cover the cost has not. It was also identified that it is actually in the interests of governments to make these funds available as cost savings will come out of service delivery that meets outcomes in many human services areas.

Some Practical Issues

A number of issues related to the above findings but deserving of a separate category were also identified out of participants' comments. These issues relate to the national debate regarding outcomes measurement and the unintended consequences that experience has thrown up. These miscellaneous issues include:

Uniform Definition of Outcomes: in order to commission services, allow for choice and control as well as to allow for comparisons of performance to be made, some focus group participants identified that some uniformity of definition and structure needed to be agreed between governments and providers. This would also allow for more efficient outcomes reporting while involving government agencies in co-design as suggested above.

Information Sharing: providers present in the focus groups also identified that the lack of information sharing meant that organisations were not well placed in some cases to develop meaningful outcomes. Where clients moved to new providers, out of the system (for instance, at the end of the five-year support period funded for refugee settlement programs), or where users' needs are such that outcomes will only become clear over a long period of time (that is, longitudinal outcomes), a lack of information sharing capacity (some participants talked about information sharing in the primary health care system where doctors can access client files from a central system) restricts the opportunity to use data effectively for planning and reporting.

Uniform Use of Rhetoric: it was identified by one focus group in particular that the policy rhetoric employed by government agencies is counterproductive as it is not consistent, even in relation to that employed by agencies in a single government, let alone across governments in the Australian federation. For instance, the national discussion uses "outcomes measurement" as the aspirational paradigm, while the NDIS uses "goals" in their nomenclature.

Human Services Sector: some participants also identified that there is a need for the human services sector to be more demonstrative of its value to the Australian community generally and to government funding agencies particularly. Some participants at one focus group identified a need for an industry plan to respond effectively to the issues discussed within the group and to allow for the development of meaningful responses to the challenges faced by providers and governments alike.

By and large, the above issues identified a set of real barriers to service users enjoying choice and control in terms of the services and supports they receive. The lack of uniformity in outcomes definition, the lack of sharing of data and the variation in government policy descriptions all work against service user mobility. Any reduction in mobility negates other aspects of human services policy in Australia, including in relation to the use of quasi-market systems applied commonly to deliver funding to service providers in the hope that such structures will see better user outcomes.

APPENDIX

One: Examples of Existing Well Being Measurement Methodologies

No.	Framework title	Author
1	Self-sufficiency Matrix	PerformWell
2	Social Exclusion Monitor	The Brotherhood of St Lawrence
3	Framework For Multidimensional Analysis of Disadvantage	Melbourne Institute of Applied Economic and Social Research
4	Outcomes Star	Triangle
5	Outcomes Matrix	Big Society Capital
6	How's Life?	OECD
7	Framework of Indicators for Social Exclusion	Australian Social Exclusion Board
8	National Economic & Social Impact Survey	The Salvation Army
9	Child Well-being in Rich Countries	UNICEF
10	Wellbeing Monitoring Framework	Commissioner for Children and Young People WA
11	The Wellbeing of Young Australians	ARACY
12	Measuring Wellbeing: Aboriginal and Torres Strait Islander Peoples	Australian Bureau of Statistics
13	Index of Relative Socio-economic Disadvantage	Australian Bureau of Statistics

Two: Document Data

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