



PERFORMANCE AUDIT

24 JULY 2020

Their Futures Matter

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

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In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **'Their Futures Matter'**.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

Margaret Crawford
Auditor-General
24 July 2020

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Section one

Their Futures Matter

Executive summary

In 2016, the NSW Government launched 'Their Futures Matter' (TFM) - a whole-of-government reform aimed at delivering improved outcomes for vulnerable children, young people and their families. TFM was the government's key response to the 2015 Independent Review of Out of Home Care in New South Wales (known as 'the Tune Review').

The Tune Review found that, despite previous child protection reforms, the out of home care system was ineffective and unsustainable. It highlighted that the system was not client-centred and was failing to improve the long-term outcomes for vulnerable children and families. The review found that the greatest proportion of relevant expenditure was made in out of home care service delivery rather than in evidence-based early intervention strategies to support children and families when vulnerabilities first become evident to government services (such as missed school days or presentations to health services).

The then Department of Family and Community Services (FACS) designed the TFM reform initiatives, in consultation with central and human services agencies. A cross-agency board, senior officers group, and a new unit in the FACS cluster were established to drive the implementation of TFM. In the 2016–17 Budget, the government allocated \$190 million over four years (2016–17 to 2019–20) to the reform. This resourced the design and commissioning of evidence-based pilots, data analytics work, staffing for the implementation unit and secretariat support for the board and cross-agency collaboration.

As part of the TFM reform, the Department of Premier and Cabinet, NSW Treasury and partnering agencies (NSW Health, Department of Education and Department of Justice) identified various existing programs that targeted vulnerable children and families (such as the preceding whole-of-government 'Keep Them Safe' reform coming to an end in June 2020). Funding for these programs, totalling \$381 million in 2019–20, was combined to form a nominal 'investment pool'. The government intended that the TFM Implementation Board would use this pool to direct and prioritise resource allocation to evidence-based interventions for vulnerable children and families in NSW.

This audit assessed whether TFM had effective governance and partnership arrangements in place to enable an evidence-based early intervention investment approach for vulnerable children and families in NSW. We addressed the audit objective with the following audit questions:

- Was the TFM reform driven by effective governance arrangements?
- Was the TFM reform supported by effective cross-agency collaboration?
- Has the TFM reform generated an evidence base to inform a cross-agency investment approach in the future?

The audit did not seek to assess the outcomes for children, young people and families achieved by TFM programs and projects.

Conclusion

The governance and cross-agency partnership arrangements used to deliver the Their Futures Matter reform were ineffective. Important foundations were put in place, and new programs trialled over the reform's four years. However, an evidence-based whole-of-government early intervention approach for vulnerable children and families in NSW – the key objective of the reform – was not established. The reform concluded in June 2020 without a strategy or plan in place to achieve its intent.

The governance arrangements established for the Their Futures Matter (TFM) reform did not provide sufficient independence, authority and cross-agency clout to deliver on the reform's intent. This hindered delivery of the reform's key elements, particularly the redirection of funding to evidence-based earlier intervention supports, and limited the impact that TFM could have on driving system change.

TFM increased focus on the contribution that other agencies outside of the former Family and Community Services portfolio could make in responding to the needs of vulnerable children and families, and in reducing the demand costs of related government service delivery. Despite being a whole-of-government reform, TFM lacked mechanisms to secure cross-portfolio buy-in and lacked the powers to drive reprioritisation of government investment in evidence-based and earlier intervention supports across agencies. At the reform's close, the majority of the reform's investment pool funding remained tied to existing agency programs, with limited evidence of their comparative effectiveness or alignment with Their Futures Matter policy objectives.

TFM began building an evidence base about 'what works', including piloting programs and creating a new dataset to identify risk factors for vulnerability and future costs to government. However, this evidence base does not yet comprehensively map how existing services meet needs, identify system duplications or gaps, nor demonstrate which government funded supports and interventions are most effective to make a difference to life outcomes for vulnerable children and families in NSW.

Despite these issues, the need, intent and vision for Their Futures Matter remains relevant and urgent, as issues identified in the Tune Review remain pertinent.

1. Key findings

Governance arrangements were not effective to deliver the intent of the reform

The governance arrangements for TFM diverged from those that the Tune Review had recommended to drive system change. The former Department of Family and Community Services (FACS) established governance entities within the cluster rather than creating a new stand-alone authority as proposed by Tune (the 'Family Investment Commission').

TFM was not independent of FACS and the child protection and out of home care (OOHC) systems which the reform was intended to transform. The governance arrangements were unable to secure support from ministers beyond the FACS portfolio, and the reform struggled for visibility and traction against other government priorities.

The TFM Board was established, chaired by the FACS Secretary and representatives across government at the Deputy Secretary level. A new TFM Unit was established within the FACS cluster to lead the implementation work under the direction of the TFM Board.

The TFM Board and TFM Unit capacity were not matched to the scale or complexity of the reform. TFM required consistent senior leadership within government, able to secure cross-agency action. It would also have been beneficial for key decision makers to have access to external expertise on Aboriginal community needs and strengths, financial transactions, commissioning, non-government organisation (NGO) service delivery and evaluation. These skillsets were not always represented at the Board level.

Despite extensive consultative activity undertaken through TFM, collective decisions could not be reached on cross-agency funding for proven early intervention, or on repurposing existing programs found to be misaligned with the reform and/or commissioning principles. Although elements of such an 'investment approach' were developed, TFM did not effectively reprioritise most of the investment pool funding, worth \$381 million in 2019–20, to target evidenced and earlier interventions. Nor did it establish the means to do so in the future. In the absence of additional funding, this was vital for the reform to be implemented as envisaged.

The TFM reform has started building an evidence base and laid other important foundations that will need to be built on

The TFM Board and TFM Unit were expected to build an evidence base for effective, data informed interventions that worked to better identify and support vulnerable children and families in NSW. Prior to the reform, there was no standard approach to reviewing programs to support vulnerable children and families, with variation in the scope and robustness of evaluations. This made it difficult to determine whether initiatives were sufficiently targeted and effectively supporting vulnerable children and families. TFM developed a common evaluation framework to be applied to existing agency services and programs from 2018–19, which should enable comparisons of effectiveness to be made in the future.

The TFM Board, TFM Unit and partner agencies together agreed the first cross-cluster outcomes framework for the NSW Government, focusing on vulnerable children and families. This will be important for tracking outcomes being achieved through efforts across government in the future. They also developed and delivered some pilot initiatives targeting large cohort populations and prepared a business case to seek additional funding from government for system transformation work.

Additionally, TFM partner agencies worked to share and link more than 60 frontline data sets containing de-identified data, to define key vulnerable groups of children and young people in NSW, identify risk factors contributing to the vulnerabilities of these groups, examine their service usage pathways and estimate future costs to government of providing related services. This 'TFM Human Services Data Set' is unprecedented in scale in NSW, bringing together 27 years of data and over seven million individuals' de-identified service records. The TFM Unit commissioned actuarial modelling on the TFM Human Services Data Set, which provides insights that should assist in prioritising future investment.

These are important foundations, but they were not used to make key decisions on reprioritising funding or on scaling up promising or proven pilots before the end of the TFM reform period.

The TFM evidence base is insufficient to drive greater direction of resources from crisis to early intervention

The new cross-agency TFM Human Services Data Set provides an evidence base for identifying the key characteristics of vulnerable children and families in NSW, and the points at which earlier interventions may assist. Adding additional datasets will strengthen the ability for modelling to predict at-risk cohorts and future service needs. The actuarial model developed to analyse the dataset has generated useful insights that should assist future planning and investment decisions.

However, this analysis was not available until late 2018 nor published until mid-2019 due to the time taken to secure privacy protections, share cross-agency data, apply the modelling and consult with stakeholders on the results. Expediting development and use of the dataset may have provided TFM with a stronger platform to influence the reprioritisation of funds to better support vulnerable children and families before the end of the reform period.

That said, the current evidence base is not yet robust enough to determine which interventions, of those piloted by TFM and those already provided by agencies, are most effective in terms of supporting vulnerable children and families. The common evaluation framework will not yield comparable outcomes evaluations for a number of years. Outcomes evaluations on most of the TFM pilots were not available in time to inform decisions about continued funding for these programs by the end of the reform. Without wider implementation, there is a risk that lessons from the pilot programs will be lost, and, at best, the supports they delivered will remain fragmented in pilot sites across NSW.

The TFM Board and TFM Unit were tasked with establishing an investment approach for supporting vulnerable children and families, but not given sufficient powers to do so

While TFM has laid important foundations on which further work could be built to achieve the reform deliverables and objectives in the future, few of the original deliverables have been realised to the extent expected within the four-year timeframe of the reform. What was ultimately delivered was limited to pilots and other foundational work. These outputs were necessary prerequisites but did not reach the point of shaping statewide resourcing, service planning or commissioning during the reform period.

The partial progress made in turn limited the scale and reach of the reform. While the TFM Unit estimated that over 40,000 children and families were in the cohort populations that the reform intended to target, and the actuarial modelling estimated there were at least 263,000 vulnerable children and young people in NSW, collectively the TFM program pilots have supported a small proportion: 6,621 individual children, young people or parents.

TFM prepared a business case to seek additional funding for promising pilots beyond the life of the reform, but the Department of Communities and Justice (DCJ) did not progress this in its agency bid for the 2020–21 Budget. There was no strategy in place for building on these supports beyond the life of the reform, to achieve its policy intent.

TFM had no enabling legislation and the majority of investment funding was expected to be negotiated from existing agency budgets. The TFM Board and Unit's authority rested on Cabinet decisions endorsing the governance and implementation plan. In practice, these were not - on their own - a sufficient mandate to compel the cross-agency action necessary to deliver the reform. The lack of comparative evidence about program effectiveness, and on the costs for each partner agency associated with failing to effectively support vulnerable children and families, meant the reform had less weight than established policies and services. When other government priorities competed, the TFM Board and Unit had no other levers to pull.

TFM did not effectively brief government on risks to achieving the reform's objectives

The government expected the TFM reform to place vulnerable children and families at the centre of services and bring together all NSW Government agencies, NGOs and the community to deliver the right supports. The reform was intended to put a whole-of-government investment and commissioning approach in place to direct and prioritise resource allocation to evidence-based interventions for vulnerable children and families in NSW. While foundational elements were achieved in the four years of TFM, these did not approach the wholesale reform promised.

The TFM Board and Unit discussed numerous challenges at the Board level and provided regular briefs to the government. While reports to the government included advice about delays and risks, they did not clearly indicate that the reform's policy objectives and promised breadth may not be delivered in the timeframe allowed. Nor did they stress the need for ministerial intervention to expedite key work such as reprioritising the funding pool.

2. Recommendations

This audit found that Their Futures Matter did not realise its policy intent. A range of the reform's objectives remain outstanding, including the need:

- for cross-portfolio leadership to establish a whole-of-government investment approach
- for cross-agency action to redirect funding in the TFM investment pool to better target evidenced-based earlier interventions
- for robust service mapping and comparative evidence of what works best across agencies to respond to the needs of vulnerable children and families in NSW at the first sign of vulnerability
- to repurpose or decommission programs and services that are comparatively less effective.

Noting this, the Auditor-General makes the following recommendations to the Department of Communities and Justice to build on the work completed in the first four years of Their Futures Matter, and continue to pursue the reforms. However, the recommendations to the Department of Communities and Justice will only respond in part to the findings of this report.

Cross-portfolio leadership, and cross-agency action, is required to ensure a whole-of-government response to delivering the reform's objectives.

By June 2021, the Department of Communities and Justice should:

1. continue work to deliver the intent of the reform, including by:
 - a) developing a strategy and key performance indicators for the next stage of work to build on the progress that the reform made, and regularly reporting to the government on progress towards outcomes and key risks
 - b) using the Their Futures Matter Human Services Data Set to identify the needs of vulnerable children and families, and undertake independent service mapping to assess the extent to which existing services respond to these needs
 - c) working with agencies to track and report achievements against the whole-of-government shared outcomes framework for children aged zero to five years
 - d) applying a consistent evaluation framework to all government funded services and programs for vulnerable children and families identified in the TFM investment pool, to assess and compare effectiveness, costs and benefits, and inform service planning and funding redirection
 - e) identifying gaps, duplication and ineffective programs identified in the TFM investment pool serving vulnerable children and families to inform service planning and funding redirection
 - f) assisting agencies with repurposing any programs identified in the TFM investment pool that are comparatively less effective, and redirecting this funding to more effective evidence-based approaches
 - g) identifying means to scale up proven TFM pilot programs or promote their elements of success for wider adoption
 - h) ensuring Aboriginal representation in relevant governance arrangements and all key decision points
 - i) developing and implementing a plan in partnership with Aboriginal services, families and children to address the areas for improvement identified by the Tune and other relevant reviews
 - j) continuing to prepare joint submissions to seek additional funding where the evidence supports this.

2. revise the governance arrangements for the next stage of the Their Futures Matter reform to:
 - a) ensure the participation of all relevant ministers in decisions on the reform's performance, risks and value to each portfolio
 - b) develop and implement a mechanism to resolve cross-agency issues that have reached an impasse, such as through escalation to the Secretaries Board and/or relevant minister's offices
 - c) enhance the capability of the Their Futures Matter Implementation Board - or alternative governance entities established in its place - to include external expertise from Aboriginal leaders, finance professionals, the funded NGO sector, the evaluation and data field, and experienced commissioners.
3. work with partner ministers and agencies to develop and implement:
 - a) a mutually agreed standard of evidence required to make informed funding decisions, and a process to guide how decisions about future redirection of funding will be made where the evidence on effectiveness is mixed, unclear, or difficult to compare
 - b) a process for reprioritising identified funding, building on the evidence and key enablers now in place, including outcomes evaluations from key pilots, the Human Services Dataset and the whole-of-government shared outcomes framework for children aged zero to five years.
4. ensure, for the Their Futures Matter Human Services Data Set, that:
 - a) there continue to be data governance arrangements in place to preserve the independence of the data set, and protect the privacy of the data it contains
 - b) there is a strong mandate and clear cross-agency accountability governing data sharing and use, and rigorous controls are in place to ensure the quality, reliability, accuracy and completeness of the data, and compliance with relevant legislation and directions
 - c) it captures relevant outcomes and administrative data, and is regularly updated and analysed
 - d) insights from its analysis continue to be shared within government and with external stakeholders including funded service providers and academics
 - e) it is used effectively to enhance service delivery, guide investment and drive social policy reforms in NSW.

1. Introduction

Their Futures Matter (TFM) is a whole-of-government reform to deliver improved outcomes for vulnerable children, young people and their families.

Supported by a cross-agency TFM Board, and the TFM Unit in the then Department of Family and Community Services (FACS), the reform aimed to develop whole-of-government evidence-based early intervention investment approaches for vulnerable children and families in NSW.

1.1 Basis for the TFM reform

Their Futures Matter is the latest in a number of reforms enacted by the NSW Government over the past decade aimed at better identifying and supporting vulnerable children and families.

In 2009 the NSW Government announced its five year, \$750 million, whole-of-government Keep Them Safe child protection initiative in response to the Special Commission of Inquiry into Child Protection Services undertaken by Justice Wood (the Wood Inquiry). Keep Them Safe emphasised the importance of early intervention, and having appropriate responses and systems to improve the quality of support provided to vulnerable children and families. Key elements included changing the threshold of child protection reporting from 'risk of harm' (ROH) to 'risk of significant harm' (ROSH), and encouraging Health, Education and Justice to work with Community Services in taking a shared approach to child wellbeing.

The outcomes evaluation of Keep Them Safe found that the reform had made some progress, including in reducing the rate of children reported at ROSH, through directing more funding towards prevention and early intervention. However, the evaluation also considered that the five-year timeframe was not long enough for the Keep Them Safe objectives to be fully realised.

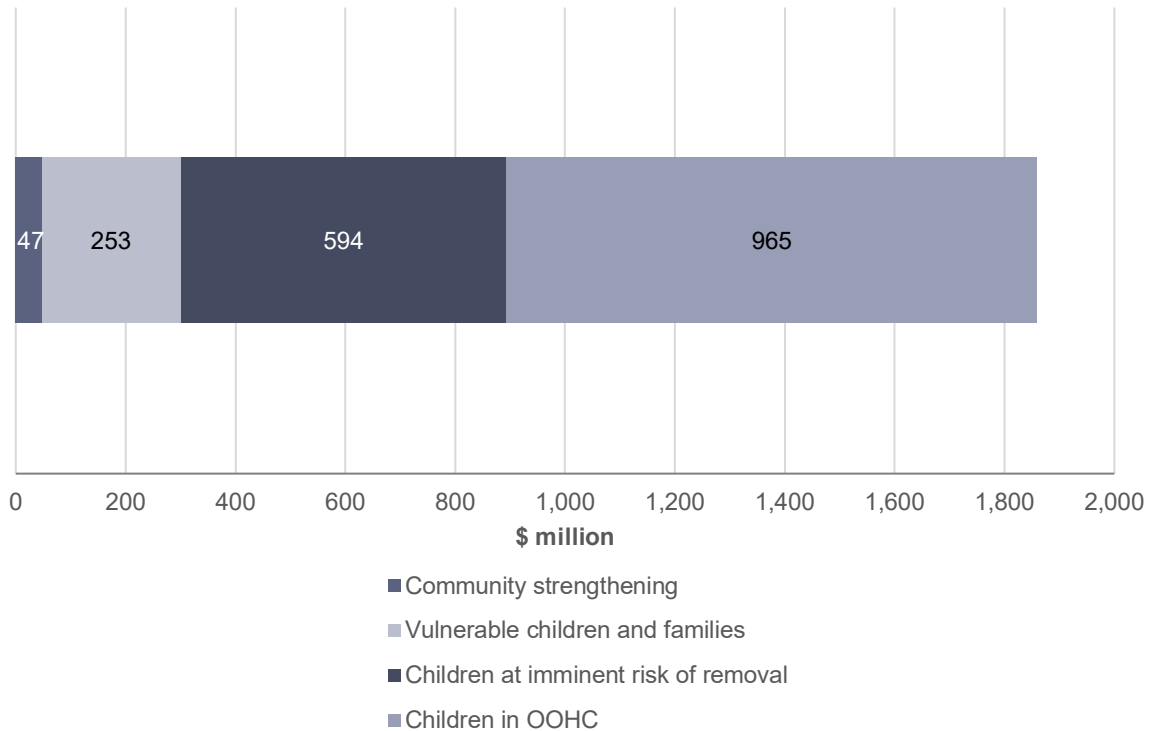
In 2014, the Safe Home for Life legislative reform was introduced, aiming to keep children and families together by promoting good parenting, seeking to keep children safe within the family unit or in other permanency options, and simplifying the legal and regulatory processes.

Despite these efforts the number of children in out of home care (OOHC) continued to rise, as did related costs. The long-term outcomes for children in out of home care were poor, especially across health, education and wellbeing, often resulting in higher use of government services after leaving care. Additionally, the system was not effective at breaking intergenerational disadvantage, with OOHC leavers over ten times more likely to need OOHC for their child compared to the general population.

Between 2006–2015 the number of children in OOHC across NSW doubled to approximately 20,000 children. Over the same period, the cost of caring for these children increased from \$320 million, to \$910 million for direct care.

The majority of funding spent in the child protection sector was crisis focused, with \$965 million spent to care for and support children in OOHC (including direct care, universal and ancillary services such as health and education), compared to approximately \$300 million spent on early intervention (see Exhibit 1).

Exhibit 1: Estimated whole-of-government expenditure for vulnerable children and families (2015–16) (\$ million)



Source: Independent Review of Out of Home Care (OOHC) in NSW (the Tune Review).

Tune's Independent Review of Out of Home Care in New South Wales

The 2015 Independent Review of Out of Home Care (OOHC) in NSW (the Tune Review) sought to understand the diverse drivers for the then growing demand for OOHC, and to develop a long-term strategy to improve outcomes for vulnerable children and families.

This review found that the OOHC system at the time was not effective and unsustainable. The system was not client centred and was failing to improve the long-term outcomes for vulnerable children and families. Despite the earlier reforms, the review found that more investment was directed to OOHC service delivery than evidence-based early intervention strategies or family preservation and restoration services.

The Tune Review made a series of recommendations to improve the OOHC system, including the:

- introduction of personalised support packages to provide more tailored support to vulnerable children and families
- development and implementation of an investment and commissioning approach to invest in evidence-based interventions
- establishment of a NSW Family Investment Commission as a statutory authority within the Family and Community Services cluster to drive the implementation of personalised support packages, and reprioritise funding to better support vulnerable children and families
- establishment of local governance groups, in each FACS district, to commission services at a local level
- extension of Keep Them Safe funding till 2020–21
- redesign of the intake and assessment of the child protection system.

As part of the NSW Government's response to the Tune Review, the 'Their Futures Matter' reform was announced. The reform was allocated \$190 million, over four years (2016–17 to 2019–20).

1.2 Their Futures Matter reform

Purpose of the reform

In May 2017, the Family and Community Services Minister advised Parliament that Their Futures Matter was intended to:

‘Place vulnerable children and families at the heart of services. It brings together all New South Wales Government agencies, non-government organisations and the community to deliver the right supports. This ground breaking initiative will see a complete shift in how government responds to vulnerable children and families.’

TFM was expected to lead a system transformation, driven by an investment and commissioning approach to ensure that funding and programs are directed to where they deliver the greatest social and economic benefits.

The reform aimed to achieve five key strategic outcomes:

1. every child gets the best start and families have access to information and opportunity for self service
2. a whole-of-government investment approach is in place to ensure more effective and efficient allocation of resources
3. children, young people and families receive a streamlined, multi-disciplinary response appropriate to their needs
4. more children and young people are safe at home, reducing entry into OOHC and preventing escalating risk
5. communities are equipped to support children, young people and families.

The success of the reform hinged on appropriate governance, cross-agency collaboration and capacity to evaluate, select and prioritise initiatives in order to direct investment into effective early intervention supports. These are the focus areas of this audit.

The audit does not seek to assess the outcomes for children, young people and families achieved by TFM programs and projects.

Governance

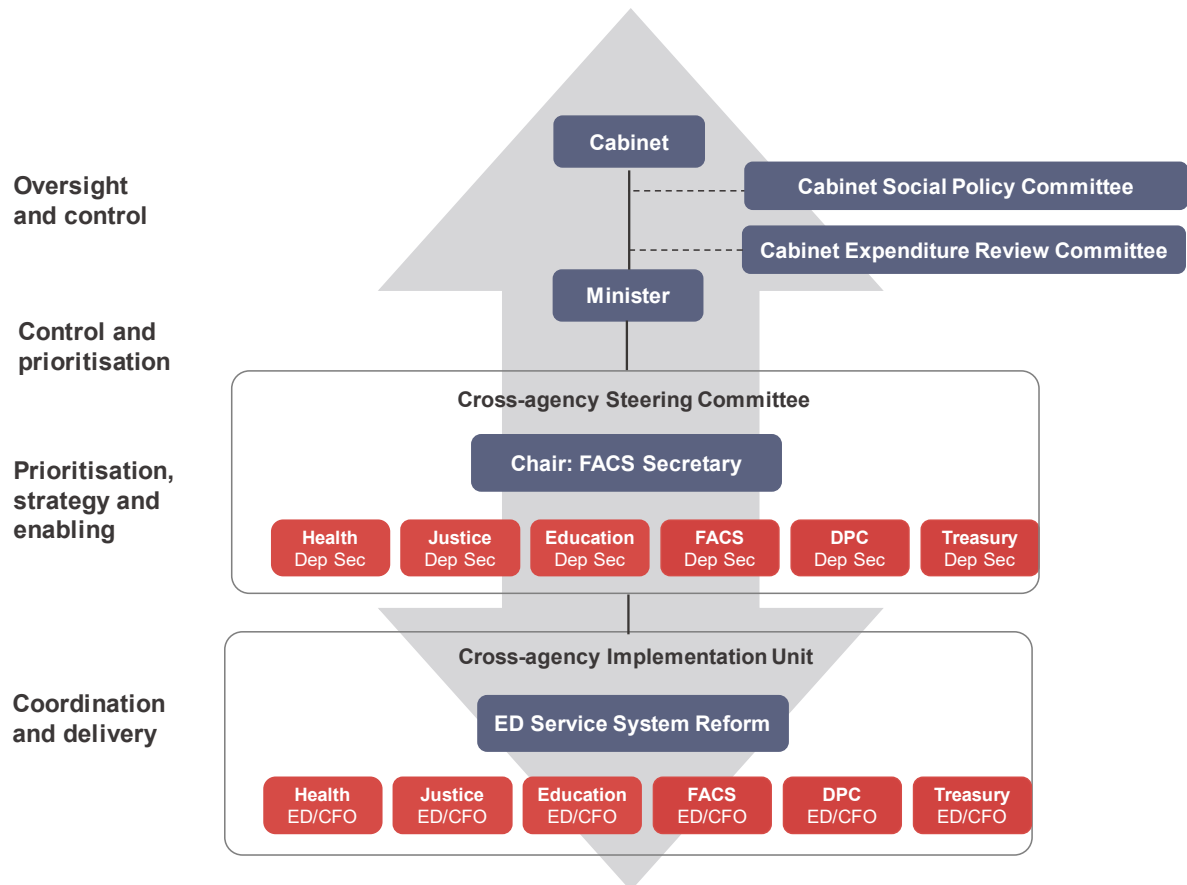
The former Department of Family and Community Services (FACS) led the design of the TFM reform. A cross-agency TFM Implementation Board (TFM Board) was established in 2016–17 chaired by the FACS Secretary and comprising Deputy Secretaries from the Departments of: Premier and Cabinet, Education, Health, Justice, and the NSW Treasury. It was mandated to make strategic decisions on the direction and effective implementation of the TFM reform, with a focus on an integrated approach to provide more effective support to vulnerable children and families. Time-bound board subcommittees were set up to progress specific workstreams of the TFM Board relating to funding and data sharing.

Two cross-agency working groups of departmental Executive Directors and Chief Financial Officers were formed to support the TFM Board with technical and strategic advice, and to drive the implementation of TFM within their agencies.

A new TFM Implementation Unit (TFM Unit) was also created and based in the FACS cluster to deliver the reform under the directions of the board. The TFM Unit reported directly to the FACS Secretary/TFM Board Chair. In July 2019, the TFM Unit was renamed the Stronger Communities Investment Unit (SCIU). In November 2019, the SCIU became a directorate within the new Department of Communities and Justice following machinery of government changes after the March 2019 state election. For ease, we refer to the entity as the TFM Unit throughout this report.

The governance arrangements for TFM are illustrated in Exhibit 2. Detail on the responsibilities and membership of these governance entities is given in Appendix two.

Exhibit 2: Governance arrangements for TFM



Source: Department of Communities and Justice.

At the time of the audit, consideration was being given to reforming the governance arrangements to better connect TFM with the relevant NSW Government Cabinet committee, senior cross-agency forums, and non-government organisations (NGOs) within the human services sector. This direction is yet to be finalised.

Funding of the reform

The TFM reform was allocated \$190 million of funding across four years (2016–17 to 2019–20).

This allocation resourced the design and implementation of evidence-based pilots, data analytics work and secretariat support for the governance bodies and cross-agency collaboration, as outlined in Exhibit 3.

Exhibit 3: TFM expenditure (actual and forecast)

Expenditure	Value (\$ million)
Evidence-based programs implementation and establishment	101.7
System Transformation (Access Redesign Projects)	8.7
Investment Approach – Liability Model	5.4
TFM Unit Operating Expenditure	13.1
TFM Implementation Team	36.9
Other Funded Programs (mandated by the 2016–17 Budget)	23.8
Total	189.8

Notes:

- 1 The \$190 million TFM reform funding was reduced by an Efficiency Saving requirement.
- 2 Total includes \$16.9 million spent on contract work undertaken by consultancy firms.
- 3 All items above have been rounded. The unrounded total expenditure is \$189,760,828

Source: Department of Communities and Justice.

In addition, a funding pool was created to invest in evidence-based intervention strategies under the direction of the TFM Board. From August 2016 the TFM Unit worked with NSW Treasury and the Department of Premier and Cabinet to identify existing services targeting vulnerable children and families across government, including under Keep Them Safe funding. The funding pool was finalised in December 2017 and valued at \$381 million for 2019–20. For 2020–21 the investment pool is valued at \$387 million.

1.3 About this audit

Audit objective and approach

The audit objective was to determine whether Their Futures Matter (TFM) had effective governance and partnership arrangements in place to enable an evidence-based early intervention investment approach for vulnerable children and families in NSW. We addressed the audit objective with the following audit questions:

- was the TFM reform driven by effective governance arrangements?
- was the TFM reform supported by effective cross-agency collaboration?
- has the TFM reform generated an evidence base to inform a cross-agency investment approach in the future?

Machinery of government changes in July 2019 combined the former Department of Family and Community Services (FACS) and Department of Justice to create the new Department of Communities and Justice (DCJ) and the Stronger Communities cluster. In November 2019, the TFM Unit was integrated into DCJ to become the Stronger Communities Investment and Inclusion directorate. DCJ is the auditee for this audit.

Further information about the audit is in Appendix five.

2. Governance and partnerships

Governance refers to the structures, systems and practices that an organisation has in place to:

- assign decision-making authorities and establish the organisation's strategic direction
- oversee the delivery of its services, the implementation of its policies, and the monitoring and mitigation of its key risks
- report on its performance in achieving intended results, and drive ongoing improvements.

We examined whether the TFM reform was driven by effective governance arrangements and cross-agency collaboration.

2.1 TFM governance arrangements




TFM governance arrangements diverged from those that the Tune Review had recommended to drive system change

The former Department of Family and Community Services (FACS) established governance entities for the TFM reform within the FACS cluster, in order to draw on existing inter-agency connections and capabilities, rather than creating a new stand-alone entity as recommended by the Tune Review. The Tune Review called for an independent statutory authority to be established - to be known as a 'Family Investment Commission' - instead of attempting to work within the existing structures. It considered that 'significant disruption of the system is needed to achieve the fundamental level of change required'.

Exhibit 4, below, sets out how the TFM governance arrangements aligned with, or departed from, the Tune Review.

Exhibit 4: Alignment of TFM governance with the recommendations of the Tune Review

Recommendation of review	Part of TFM governance
Establish a new statutory authority, the NSW Family Investment Commission, within the former Family and Community Services (FACS) cluster. The Commission should report directly to a minister, with resourcing drawn from existing agencies and separate reporting on expenditure.	✘ The implementing body (TFM Unit) was an administrative unit within the FACS cluster reporting to the FACS Secretary and Minister, rather than a new independent statutory authority with independent funding.
The formation of an advisory board to support the Commission, with the minister appointing all members, including relevant independent and influential experts, and the Chief Executive of the Commission.	✘ No separate board of relevant independent and influential experts was put in place.
A separate cross-agency board to provide advice to both the Commission and the advisory board. This cross-agency board would include the Secretaries of all relevant agencies and central agencies.	— The cross-agency TFM Board comprised Deputy Secretaries rather than Secretaries, apart from the Chair who was the FACS Secretary.

Recommendation of review	Part of TFM governance
Use the existing Aboriginal Safety and Permanency Statewide Advisory Group to provide specialist advice to the advisory board and the Commission.	✗ No mechanism for specialist advice to be provided either by the Aboriginal Safety and Permanency Statewide Advisory Group or other Aboriginal experts (a planned Aboriginal Consultative Committee was never established).
Establish a cross-agency implementation team to establish the Commission that would be drawn from FACS, Department of Premier and Cabinet and Treasury with expert advice drawn from relevant agencies.	✓ The TFM Unit fulfilled this recommendation.
Establish local cross-agency boards in each FACS district to provide local advice, and commission services in line with its priorities and defined outcomes.	✗ One local cross-agency board in place, using the existing board in place through a previous NSW Health initiative, which does not commission services.
Key  Fully implemented  Partially implemented  Not implemented	

Source: Audit Office research.

The Tune Review argued that the use of existing structures through siloed programs, without reference to an overarching framework, would not achieve the reform required. It considered that the proposed Family Investment Commission needed to operate independently of the service delivery arm of FACS and other agencies to lead high level reform and priority setting, and influence practice improvement through commissioning for outcomes.

FACS considered the model it established to be consistent with the review's recommendations, in that the TFM Unit formed a dedicated and focused new unit, with sufficient scope and authority and single ministerial accountability. FACS also believed this structure would avoid duplicating its own commissioning functions, deliver benefits of scale and draw on relevant capabilities and corporate knowledge from across the cluster.

The risks Tune anticipated to reform implementation were realised as the governance arrangements, as executed, did not facilitate whole-of-government accountabilities to deliver the reform.

The lack of independence hampered system reform

The TFM governance arrangements were not independent of FACS. This hindered systemic change and limited 'buy-in' to the reform from other clusters and agencies.

The concept of a Family Investment Commission, recommended by the Tune Review, aimed to ensure that the entity driving the necessary reform would have a singular focus and not already be part of the system it was seeking to transform. The recommendation also recognised that FACS was not well positioned to effect the necessary reform, because it did not have primary accountability for addressing vulnerability risks (such as drug and alcohol abuse or domestic and family violence), and little ability to access related services to change the life trajectory of vulnerable children and families before risks escalated.

Similarly, a 2016–17 Parliamentary Committee inquiry into child protection concluded that FACS was unequivocally part of the systemic issues it identified. It recommended a cross-sector body be established to drive investment in early intervention, comprising members from the Children's Guardian, the NSW Ombudsman, the President of the Children's Court, NSW Police Force, NSW Health, the Department of Education, and independents with relevant commercial experience.

In practice, the TFM governance arrangements failed to establish clear independence from FACS or cross-sector buy-in.

We have not seen evidence of analysis undertaken to determine the degree of independence required for the governance arrangements for the TFM reform, or how this would be assured.

The Chair of the TFM Board was directly and individually responsible to the FACS Minister in his role as Secretary of FACS, and for reporting to the FACS Minister and Cabinet on the progress of TFM reform as TFM Board Chair.

The head of the TFM Unit was an Executive Director reporting to the FACS Secretary. While the TFM Unit had dedicated operational funding, it drew on a range of FACS functions and powers including recruitment, delegations, procurement and corporate services.

The TFM Board Chair provided briefings to the Secretaries Board. The TFM Unit advised that the Board Chair also escalated issues as required with other Secretaries from Health, Education and Justice through quarterly teleconferences. The Board agreed to brief other ministers outside Cabinet meetings, but there is no documentary evidence of whether or how often this occurred.

These arrangements and practices blurred the distinction between the respective roles of the TFM Unit and parts of FACS, and duplicated some functions including commissioning, when the TFM reform was intended to transform the very system in which FACS was a key part.

There were gaps in governance processes

Some aspects of the governance procedures in place for the TFM reform appeared, at face value, to reflect good practice. These include documented roles and responsibilities, shared understanding of the vision for TFM amongst Board and Working Group members, and a commitment to continuous improvement including through periodic governance reviews.

Nevertheless, there were gaps in how the TFM governance arrangements were executed in practice:

- The charter / terms of reference for the TFM Board and Working Groups clearly set out the expectations and responsibilities of the collective, as well as of individual members. However, these were not enforced when practice diverged from them, and they did not provide a means to resolve matters that could not be made by consensus decisions.
- TFM Board papers linked matters on which a decision was sought to the strategic plan for the TFM reform - but the papers did not always provide alternatives, or the advantages and risks of each option open to the Board.
- The TFM Board and Working Groups resolved in their terms of reference to take only actions and decisions as a record of their meetings, instead of more detailed notes of discussion. As we noted in our April 2019 report into the Governance of Local Health Districts, good practice increasingly supports minutes including the broad reasons for meeting decisions, as well as a brief outline of factors material to decisions, to enhance accountability.
- The TFM Board was subject to an external governance review in early 2018, and its recommendations were accepted, but it is not clear that these were implemented as many of the same issues were subsequently identified by this audit.

2.2 Cross-agency collaboration

TFM governance arrangements did not ensure cross-portfolio ministerial support

In practice, the governance arrangements also lacked the means to compel strong cross-portfolio buy-in at the ministerial level, limiting the authority of the TFM Board and Unit to implement the reform across government.

While the TFM Board was directly accountable to the Minister in Charge (the FACS Minister) for implementing the reform, the board charter did not specify how it would effectively engage with all relevant ministers. The TFM Board provided biannual progress reports to the Minister in Charge and to Cabinet, aimed at providing all relevant ministers with clear oversight, and at promoting the cross-agency delivery of the reform.

Our review of the progress reports to government found they focused predominately on operational matters rather than on progress made towards the overall reform objective to establish a whole-of-government evidence-based early intervention approach for vulnerable children and families in NSW. Although the reports provided detailed updates on implementation status, there were no key performance indicators tracking outcomes for the reform overall, and significant risks that required ministerial attention were not sufficiently emphasised. Their focus should have been on strategic advice. Biannual reports did not involve individual briefings or conversations with all relevant ministers. This reporting was not an effective mechanism for securing the buy in of other ministers.

The TFM Board agreed in mid-2018 that reporting to the Secretaries Board and Cabinet should increase, and provide a frank and fearless assessment of progress. However, there is no evidence that this occurred. The last progress report provided to Cabinet is dated November 2018 as the relevant Cabinet committee was dissolved following the March 2019 state election.

There was no cross-portfolio ministerial council put in place to mirror the TFM Board at the political level, and the Premier and the Department of Premier and Cabinet (DPC) did not play a strong role in driving the reform as a whole-of-government initiative (as is done for the Premier's Priorities). Current and former Board and Working Group members we spoke to reported that the TFM reform had low visibility and limited traction with portfolio ministers. In practice, the Premier and other ministers were not involved in the reform.

TFM was not effective in driving key cross-agency decisions and actions

Although cross-agency, the TFM Board and TFM Unit did not deliver on one of the most critical objectives of the reform: establishing an 'investment approach' to re-prioritise pooled funds from across government to evidence-based early intervention programs.

The TFM Board and the ED and CFO Working Groups were formed to drive cross-agency collaborative efforts and decision making to implement the reform. Members were responsible for feeding information back to their home agencies, as well as providing agency feedback to the Board or Working Group to help shape collective decisions and advice. This aimed to ensure that agencies providing critical services were involved in the development and implementation of TFM initiatives.

The TFM Unit advised that Board and Working Group minutes and actions were circulated within seven working days, and members were responsible for highlighting issues with these. Nevertheless, a few members perceived that, in some cases, decisions and advice arising through the Working Group were not actioned or reported to the Board, or recommendations made to the Board shifted from the advice of the Working Group. This was difficult to test, since – as noted – meeting minutes captured decisions and actions rather than discussions or out of session advice. Further, the records of the Board meetings did not distinguish between Working Group and TFM Unit advice.

The May 2018 external governance review of the TFM Board found that members needed more clarity around their role and how it related to their role within their respective agencies. Relevant recommendations were accepted by the TFM Board, and some concerns were addressed. Yet the need to clarify the role of members and how their advice would be used, remained an issue.

Cross-agency collaboration through the TFM Board and Working Groups included a range of processes to identify relevant funding for the TFM investment pool and to agree principles for reprioritising funding. However, although the Board made collective decisions about reprioritisation, these were not given effect. This is discussed further in Section 3.2 in the following chapter.

A number of partner agencies considered that the funding arrangements for the TFM reform acted as a disincentive to cross-agency collaboration. TFM constituted a very small proportion of total administered budgets for most participating agencies, and the reform struggled to compete with other government agendas. Ultimately, there were insufficient mechanisms in place for the TFM Board Chair and TFM Unit to compel agencies to release or reprioritise funding in line with the TFM reform directions.

This contrasts with the whole-of-government approach taken to other recent NSW Government reforms. With respect to the Premier's Priorities, the Premier's Implementation Unit (PIU) in DPC acts as the Premier's representative, encouraging agencies to solve problems together and facilitating cross-agency collaboration. In our Progress and measurement of the Premier's Priorities audit report tabled in 2018, we observed that almost all agencies reported that the collaborative approach adopted by the PIU adds value. We also found the attention of the Premier and other senior ministers provides agencies with the necessary impetus to put resources into collaboratively solving problems that may be the responsibility of just one agency.

Where cross agency collaboration worked, it did not involve reprioritising agency funding

TFM struggled to secure collective decisions on decommissioning existing programs and reprioritising funding in line with the reform. However, it was effective in facilitating cross-agency collaboration for sharing data, designing 'cohort service solutions', and developing cross-cluster outcomes plans - efforts that did not involve reprioritising agency funding. While these were constructive actions that helped to lay necessary foundations, they were not sufficient to deliver the full reform as originally envisaged.

The TFM reform created the impetus for agencies to share data and collaborate to build a large cross-agency linked dataset: the TFM Human Services Data Set (HSDS). Participation in the creation of the HSDS by NSW Government agencies was voluntary. Officers from participating agencies and TFM staff reported no difficulties in securing data to contribute to the HSDS.

Partnering agencies also collaborated to develop solutions for groups, or cohorts, of vulnerable children and families with common risk factors, needs and experiences (see Exhibit 16 in Appendix four). The holistic, wraparound supports approach challenged traditional agency silos, and required partner agencies to work in different ways. The TFM Unit advised that the work elicited significant collaboration from agencies, including in designing the solutions, agreeing roles and responsibilities for delivery and establishing joint local governance arrangements to drive implementation.

The Tune Review recommended the development of an overarching outcomes framework for children and families in NSW, to provide a single view of the desired outcomes, and focus effort and resources on interventions that realise these. In response, and as part of the broader government move to outcomes budgeting, TFM agencies agreed to develop a cross-cluster outcomes plan for tracking government activities related to improving outcomes for vulnerable children and families. This was the first cross-cluster outcomes plan devised for the NSW Government.

The resulting Shared Outcomes Framework details TFM's whole-of-government goal: that children, young people and families who experience vulnerabilities receive the right response at the right time to be safe and well. It also includes relevant targets and indicators to measure progress. This is an important foundation and accountability tool to track the impact of future cross-agency collaboration.

Collaboration was also effective in the development of a joint business case to redesign the child protection intake and referral system (see Exhibit 5).

Exhibit 5: Collaboration and the Systems Transformation Business Case

A key component of the government's response to the Tune Review was the commitment to redesign how children and young people access the out of home care system. In 2015, the Tune Review noted significant unmet demand for intake, assessment and referral to the child and family support system. It also found that this system was ineffective at adequately triaging and responding to families at various levels of need. The Tune Review noted significant room for improvement and recommended that the government redesign the system to enhance its effectiveness.

Originally a reform assigned to FACS, the TFM Unit commenced work on the 'Access System Redesign' in July 2017. Over the next two years, TFM developed a related business case supported by extensive consultation with government agencies and external stakeholders and pilot programs. Cross-agency working groups gave affected agencies additional opportunities to collaborate on this redesign, and to consider improved ways of ensuring that children, young persons and families do not miss opportunities to access early support including from universal services.

In 2019, the business case was renamed 'Systems Transformation' and broadened to include other elements beyond access system redesign, including local commissioning and funding the promising TFM pilot programs. An independent review of the strategic business case, under the NSW Treasury Recurrent Expenditure Assurance Framework, observed that it was evident the reform proposal had been developed through an extensive and methodological process of evidence review, research, pilot programs and consultation. While making suggestions to strengthen the business case, the independent review considered it made a compelling case and rated the proposal 'strong' on service delivery and stakeholder management measures.

This appeared to be a successful collaborative exercise because it did not require agencies to sacrifice funding but instead involved seeking additional resourcing.

The TFM Unit expected to submit the business case for NSW Government consideration as part of the 2020–21 budget. However, it failed to clear internal departmental investment committees, reportedly due to tight fiscal constraints for the cluster. This points to the constraints of traditional budget processes, which do not support the joint submission of funding proposals co-sponsored by a number of agencies.

The two pilot programs which helped to inform the business case focused on ways to better respond to vulnerable children and families at the point of intake into the child protection system, through connecting them with other supports and services. Reviews of these programs in 2019 indicated that the changed intake procedures resulted in more accurate determinations of a child's level of risk of significant harm and provide 'warm' referrals to various alternative support pathways. These are continuing.

The TFM Unit report that the next window of opportunity for the business case approval appears to be in two years time. The TFM Unit is now piloting elements of the business case to bolster evidence for a statewide rollout using reprioritised funding pool resources. This will be contingent on the participating agencies implementing the TFM Board's decisions on reprioritising existing funding sitting in the funding pool (see Chapter 3).

Source: Department of Communities and Justice.

3. Delivering the reform

The reform agenda and timeframe set down for Their Futures Matter (TFM) were ambitious. This chapter assesses whether the TFM Board and TFM Unit had the capability, capacity and clout within government to deliver the reform agenda.

3.1 Capability and capacity

The TFM Board and TFM Unit capacity and capability mix was not matched to the scale of the reform

The TFM reform required senior leadership within government to secure cross-agency action to redirect funding to what worked in supporting vulnerable children and families earlier. External and technical expertise was also necessary, to ensure the reform decision makers had:

- cultural competency and understanding of the strengths and needs in Aboriginal families - a significant proportion of the child protection and OOHHC populations
- commercial skills and experience, including in effective commissioning and structured decommissioning
- NGO advice from the 'frontline' in working with vulnerable families below the ROSH threshold of the statutory child protection system
- technical skills in interrogating and weighing different sources of evidence.

Yet, as executed, this seniority and external expertise was not always present in or available to the TFM Board.

As discussed in the previous chapter, there were significant issues with the TFM governance arrangements (which departed from those recommended by the Tune Review), including a lack of independence, authority and whole-of-government effort.

In line with the Board's charter, an external review of the TFM Board governance was commissioned by the TFM Unit and reported in May 2018. The governance review found that the Board was collegiate and committed; and that there was strong unification around the shared purpose and intent of TFM. However, it also identified that the Board needed more focus, time and support to do the strategic thinking required to enable delivery of the reform, and to ensure the reform was understood and championed within government.

The review made 36 recommendations to enhance the structure and operation of the Board. The TFM Board accepted relevant recommendations but it is not evident that these were effectively implemented, as most of the issues identified then, continued to persist into late 2019 and were reported by many of the current and former Board and Working Group members the audit team spoke to in the course of the audit. Many issues were planned to be addressed through revising the governance arrangements in 2020. These had not yet been finalised at the time of writing.

The 2018 external governance review did not examine the qualifications, skills and competencies of the TFM Board members in light of the mandate to be delivered. Aboriginal membership on the Board was a particularly glaring gap, given the persistent over-representation of Aboriginal children in the child protection and OOHHC systems and the relevant recommendations of the Tune Review. Although the TFM Unit included an Aboriginal team, and the Aboriginal peak body for the NSW child and family sector provided advice on different TFM initiatives, there was no Aboriginal expertise on the TFM Board guiding the reform overall.

The capacity and seniority of the TFM Board and Working Groups were also limited by members delegating attendance at meetings. Although contrary to the board charter and working group terms of reference, it was not an infrequent practice, particularly in the later years of the reform. This meant these forums did not always have the key decision makers around the table able to commit their agencies to actions, or to deliver on the objectives.

The TFM Unit staffing establishment ranged from around 25 to 100 full time equivalent roles over the first three years of the reform. It appears that approximately half of the establishment positions were vacant each year. Staff employed were project and policy officers, predominantly at grades 7/8, 9/10 and 11/12. The Unit's executive comprised four Directors and one Executive Director.

The large number of middle managers enabled the TFM Unit to progress many activities and projects under the different workstreams. Yet without sufficient seniority, the TFM Unit struggled to get traction within government to secure funding to move beyond pilots or drafts for many of these projects, or to modify existing services and programs targeting vulnerable children and families.

There was also a degree of staff churn throughout the reform period, which slowed momentum. Four different people held the TFM Unit lead Executive Director position in the four years of the reform. The Unit's employee turnover averaged 13 per cent 2017–18 and 25.1 per cent in 2018–19. This is against broader FACS turnover of 18.9 per cent in 2017–18 and 10.9 per cent in 2018–19.

The TFM Unit advised that as specific technical capabilities were identified to undertake the short term reform work required, a number of subject matter experts from other agencies were brought in - which may have created a perception of high staff turnover. Contractors were also engaged to conduct specialised work under the direction of TFM Unit staff. The Department of Communities and Justice advise that the proportion of operational expenditure on contractors for TFM was comparable to that for the rest of the Department.

In April 2018, the TFM Board noted analysis from the TFM Unit of the TFM workforce composition, capacity, capabilities and gaps against key deliverables. We do not have evidence of whether this led to strategies or actions to enhance the capacity of the Unit or the expertise available to the Board.

3.2 The TFM investment funding pool

TFM identified funding for an investment pool

The Tune Review made it clear that there were opportunities for reprioritisation within the existing government expenditure on vulnerable children and their families. Accordingly, a key objective of the TFM reform in adopting a broader investment approach was to identify current government expenditure on vulnerable children and their families, and identify service gaps, duplications and opportunities to realign programs with evidence. Reprioritisation could include ceasing a program and redirecting its funding, as well as redesigning or repurposing existing programs.

The TFM Board and Unit conducted multiple processes to identify the funds spent across the NSW Government on targeted and specialist services, to include in an investment pool. The first process, commencing in August 2016, failed to reach agreement on the program funding to be included in the pool due to agency differences in definitions and cost centre arrangements.

Commencing in October 2017 and finalised in December 2017, a subsequent, more restricted but more consultative approach, was able to identify 32 targeted and specialist programs from the four agencies most involved with vulnerable children and their families: FACS, Justice, Health and Education. The TFM Board and Unit continued to refine the investment pool and at the close of the reform it included 38 targeted and specialist programs. Exhibit 6 provides a breakdown of the programs in the pool for 2019–20.

The investment pool, totalling \$381 million for 2019–20, includes \$102 million per annum from the 2009 Keep Them Safe reform. The government did not formally allocate the funding pool money to TFM. Instead, the agencies with funding identified for the pool retained the money as well as responsibility for delivering the services. The TFM Board could not - by itself - direct funding, but had to request the responsible agency to do so. Engaging agencies in TFM Board deliberations was therefore critical to achieving any amount of funding reprioritisation.

Exhibit 6: Agencies' expected contributions to the TFM Funding Pool for 2019–20

Agency	Number of Programs	Value of programs (\$m)	Proportion of funding pool (%)
Department of Family and Community Services	14	273	71
NSW Health	14	87	23
Department of Justice	7	14	4
Department of Education	3	8	2
Total	38	381	100

Source: Department of Communities and Justice.

Limited funds were reprioritised from the investment pool

The TFM Board was responsible for making reprioritisation decisions about funding for targeted and specialist services for vulnerable children and their families in the TFM investment pool. While some reprioritisation decisions were made, at the close of the reform the majority of funds in the investment pool remained tied to existing agency programs, with limited comparative evidence of their effectiveness or alignment with TFM policy objectives.

Reprioritisation decisions need to be made well in advance of program funding expiring, to allow time for a structured process of recommissioning, replacing or re-engineering programs, including steps such as:

- evaluating program implementation and the outcomes achieved
- mapping existing services
- designing new programs or processes
- testing or developing the market
- planning for service continuity or disruption
- preparing existing staff and providers for transitions
- engaging with other stakeholders.

We do not have evidence that preparations for recommissioning were undertaken for more than a couple of programs (outlined in Exhibit 7 below).

In early 2018, the TFM Board, Working Groups and TFM Unit developed a funding strategy for the money in the funding pool. The TFM Unit and NSW Treasury also worked with other partner agencies to assess the alignment of programs in the funding pool against commissioning good practice. In February 2018, this led to the reprioritisation of three smaller programs in the funding pool, worth almost \$1.0 million. The TFM Unit also engaged consultants to map the funding pool programs by a variety of measures including the stage of support for clients (prevention, early intervention, crisis), robustness of related evaluations, geographic location of service delivery, alignment to TFM priority cohorts, and contract expiry dates.

In 2018, TFM identified 19 programs, worth about \$100 million, as expiring in 2018–19. In September 2018, the TFM Unit developed a proposal for the TFM Board's consideration to reprioritise 10 of these programs, worth about \$20.0 million, to meet TFM objectives. We have seen limited evidence of this prioritisation process.

Evidence we have seen points to three main weaknesses in the approach taken:

- the reprioritisation process employed criteria too broad to meaningfully rule programs in or out
- the TFM Board was not provided with the TFM Unit's assessment of programs against the criteria to make an informed assessment
- responses from agencies on the proposed reprioritisation presented to the TFM Board did not respond in detail to the assessment criteria for reprioritisation.

The TFM Board rejected the TFM Unit's recommendation and no further substantive reprioritisation occurred in 2018 or any subsequent year of the TFM reform. The programs due to expire were extended for either one or three years. Extensions for one year were generally to accommodate planned work on the Access System Redesign workstream which became the System Transformation business case (Exhibit 5).

As noted earlier, the TFM Board and Working Groups meeting minutes record the agreed decisions and actions only, making it difficult to determine the points of difference discussed by agency members. Current and former members from both forums told us that agencies resisted efforts to reprioritise spending from investment pool programs, and that funding was a persistent source of tension. A robust prioritisation process may have helped to articulate these concerns better, to enable more detailed negotiation between agencies on funding priorities.

In addition to substantive funding reprioritisation, the TFM Unit sought to repurpose existing programs. Exhibit 7 illustrates the redesign of NSW Health's Family Referral Service and the FACS Brighter Futures program, approaches that could be applied more broadly in the future to allow TFM to re-target funding. The TFM Unit reports that a similar approach will be taken with the redesign of the Child Wellbeing Units from 2020-21.

Exhibit 7: Redesigning the Family Referral Service and Brighter Futures program

The Family Referral Service was a \$18.0 million per annum NSW Health-administered program established as part of the Keep Them Safe reform in 2009. The Family Referral Service was a statewide service linking vulnerable children and families assessed as below the risk of significant harm (ROSH) statutory threshold for child protection - but still requiring elevated levels of support - to relevant services. The program had not been evaluated or reassessed since 2013.

Over the course of 2018, the TFM Unit conducted a series of workshops on redesigning access to the child and family support system, including a dedicated workshop on the Family Referral Service. This complemented broader sector consultation over the TFM reform period. In late 2019, following this consultation with stakeholders, the TFM Unit recommended reform of the Family Referral Service.

The TFM Unit collaborated with NSW Health to agree on key features of a redesigned service and the roles of the agencies in commissioning the service. The Family Referral Service will be commissioned by the TFM Unit as the Family Connect and Support Service from July 2020. It will aim to target supports to vulnerable families with complex needs to prevent them from entering the statutory child protection system.

Work has also begun to redesign areas of the Brighter Futures program (valued at \$64 million per annum) as there was little evidence that it was improving participant outcomes. Brighter Futures aims to address family vulnerabilities through targeted early intervention services to families with children aged less than nine years, or who are expecting a child, that are at a high risk of entering the statutory child protection system. The TFM Unit advised that it is currently working with the existing providers and stakeholders to refocus the Brighter Futures program to better align with TFM within the existing contract.

Source: Department of Communities and Justice.

Better governance, and a more robust prioritisation process, is needed to better manage the TFM investment pool in the future

The TFM Board's lack of direct control over allocation of the funding pool affected its ability to challenge agencies on the continued funding for certain programs, and to cut through inter-agency tensions over reprioritising funding. Clarifying and strengthening powers over TFM's funding authority may produce better outcomes, such as if Board members were required to consider only the best possible use of funding rather than also defending agency interests.

We have not seen evidence of plans for a robust process to guide reprioritisation beyond the TFM reform period. As explained in Exhibit 5 on the System Transformation business case, the need for reprioritisation has expanded beyond improving targeted and specialist services, to also freeing up resources to implement aspects of service system redesign that were not able to secure additional funding. Such a process would have had to have been in place well before the 2020–21 Budget to prepare for commissioning and related activities.

There is over \$156 million worth of programs in the investment pool expiring by 2020–21 and a similar amount the following year. There is a risk that programs operating at the beginning of the TFM reform will continue unaltered long after it, without meaningful change to address the factors that led to the drive to reprioritise funds in the first place.

Some stakeholders we spoke to suggested that transitioning from a crisis response intensive system to a greater focus on early intervention, as Tune recommended and TFM aimed to do, will take considerable time. This was also the view of the 2016–17 Parliamentary inquiry into the child protection system. In this perspective, crisis response funding should be protected while additional funds are used to resource earlier interventions, and the funding mix should only change over time once early intervention services reduce the demand for crisis responses. A robust prioritisation process could have provided some evidence for or against such a view, and informed future approaches to funding services.

3.3 Reform achievements and gaps

TFM's mandate and timeframe for delivery were overly ambitious

FACS developed the mandate and delivery obligations for TFM, which were endorsed by the government in 2016. These were both ambitious and prescriptive in terms of what was expected to be achieved in the four years of the reform.

While TFM has laid important foundations on which further work could be built to achieve the reform deliverables and objectives in the future, few of the deliverables have been realised to the extent expected within the four-year timeframe of the reform. As detailed in Exhibit 8, what was ultimately delivered was limited to pilots and other preliminary work.

These outputs were necessary prerequisites, but there was no strategy in place for building on this work beyond the life of the reform to achieve its policy intent. FACS did not plan for this key risk. This is despite the 2013 evaluation of the preceding Keep Them Safe reform making a similar finding that its five-year term had not been long enough to realise its objectives.

Exhibit 8: TFM reform deliverables and progress made

Deliverable	Outputs and expectations	Timing	Progress made (Mar 2020) ¹
Tailored support packages for vulnerable children and their parents	<p>Packages for tailored support from existing services that achieve outcomes across: health and mental health; education and skills development; employment; positive parenting and relationships; housing; permanency and stability for children; empowerment and agency; connection to culture.</p> <p>The design of tailored support packages feature a needs assessment; integrated case management; a flexible budget; flexibility in service provision; sustained support to achieve outcomes.</p>	<p>Implemented over three to five years from 2017, beginning with children and young people in OOHC, families with children at imminent risk of entry to OOHC, and young people leaving care.</p> <p>June 2020: All (100%) of children in OOHC (and their families) to be in wrap-around cohort support packages.</p>	<p>Trialed, with limited reach. Four cohort service solutions being trialed in four DCJ districts.</p> <p>While the population of the target cohorts across NSW is estimated to be more than 40,000 people, the numbers accessing the support packages are a small proportion.</p> <p>Trials have not been extended statewide and there are no plans or resourcing allocated to do so.</p> <p>We do not have evidence of the proportion of children in OOHC in cohort support packages.</p>
Apply an investment approach to service delivery	<p>Better targeting interventions at the earliest possible opportunity. Undertake actuarial analyses of the lifetime costs of children and young people in out of home care and families in the system. Take a whole of system view to establish a cross-government dataset; tailor and target responses to specific cohorts; focus investment on interventions that will improve long term outcomes for clients at the earliest opportunity.</p>	<p>December 2019: the liability model is fully developed and applied across all vulnerable families.</p>	<p>The liability model is not yet applied across all vulnerable families.</p> <p>The cross-government dataset has been established, actuarial analyses have been conducted; and tailored responses to specific cohorts are being trialed (see above). Limited funds have been reprioritised from the TFM investment pool (see Section 3.2).</p>
Shift investment to evidence-based services and interventions	<p>Use data and evaluation to guide investment in evidence-based services. This will include analysis of client needs and cohorts, and the type and quantum of services required to improve outcomes for specific cohorts. Analysis of the relative effectiveness of various interventions will be conducted where the evidence base is underdeveloped.</p>	<p>No date specified: an overarching and ongoing monitoring and reporting framework which will enable clear benefits realisation.</p>	<p>An overarching evaluation framework has been developed which should enable comparisons of the effectiveness of programs to be undertaken in the future. Evidence and data will not be available until after the end of the TFM reform period (June 2020) to make investment decisions.</p>

¹ Unaudited.

Deliverable	Outputs and expectations	Timing	Progress made (Mar 2020) ¹
Develop an outcomes framework for vulnerable children and families	Develop a single outcomes framework to define wellbeing outcomes across agency boundaries and the indicators to measure and report agency progress against these.	Not specified.	Developed at the end of 2019.
Identify current funding for vulnerable children and families across government agencies	Take an investment approach to ensure that effort and funding is focused on providing services which have the greatest social return as well as promoting a cost-effective system. Identify all cross-agency expenditure on services for vulnerable children and families. This funding is to be held by a single commissioning unit within FACS which will work with agencies to commission tailored service solutions that drive outcomes across agency and program boundaries.	December 2018: all relevant funding for the reform across agencies is identified and assessed for pooling, with an ongoing process for progressive pooling of targeted spend in place. Within five years (2021), NSW Government's total expenditure on targeted interventions for vulnerable children and families will be allocated using the investment approach.	Relevant cross-agency expenditure has been identified and nominally pooled, but the single commissioning unit (the TFM Unit) does not hold the funds. The TFM Unit has worked with agencies to commission tailored service solutions, but these are not resourced by the pooled cross-agency funding. Limited funds have been reprioritised from the TFM investment pool. No ongoing process for progressive reprioritisation of the TFM funding pool in place (see Section 3.2). TFM also completed work to identify ancillary and universal funding related to vulnerable children and their families.
Redesign the intake, assessment and referral system	Redesign of the system navigation architecture to streamline child protection and child wellbeing intake and assessment. This will involve examination of reporting issues, system flow and care pathways over time to inform responses and triaging of calls made to the Child Protection Helpline. The principles of redesign will include: reducing the duplication of service between statutory and non-statutory pathways; enabling better responses for children and families below the statutory risk threshold; increasing opportunities for early intervention; and avoiding entries to OOHC.	Not specified.	Not achieved. TFM led cross-agency work to develop a business case seeking additional investment in redesigning the access and service system ('system transformation'). This was not submitted for the 2021–22 Budget. The TFM Unit is exploring which design elements can be taken forward within existing resources.

Source: Department of Communities and Justice.

In its limited scale and reach, TFM was not effective in making systemic changes

The partial progress made towards the deliverables allocated to TFM (Exhibit 8 above) limited the scale and reach of the reform. The systemic changes called for by the Tune Review and expected of TFM were not realised.

The TFM Board considered strategic and systemic matters including whole-of-government expenditure and funding, population data, and access service redesign to better support vulnerable children and families across NSW. But as discussed, these initiatives did not reach the point of shaping statewide resourcing, service planning or commissioning during the reform period. Nor were the existing agency programs and services targeting vulnerable children and families, identified for the funding pool, modified or repurposed to better align with TFM.

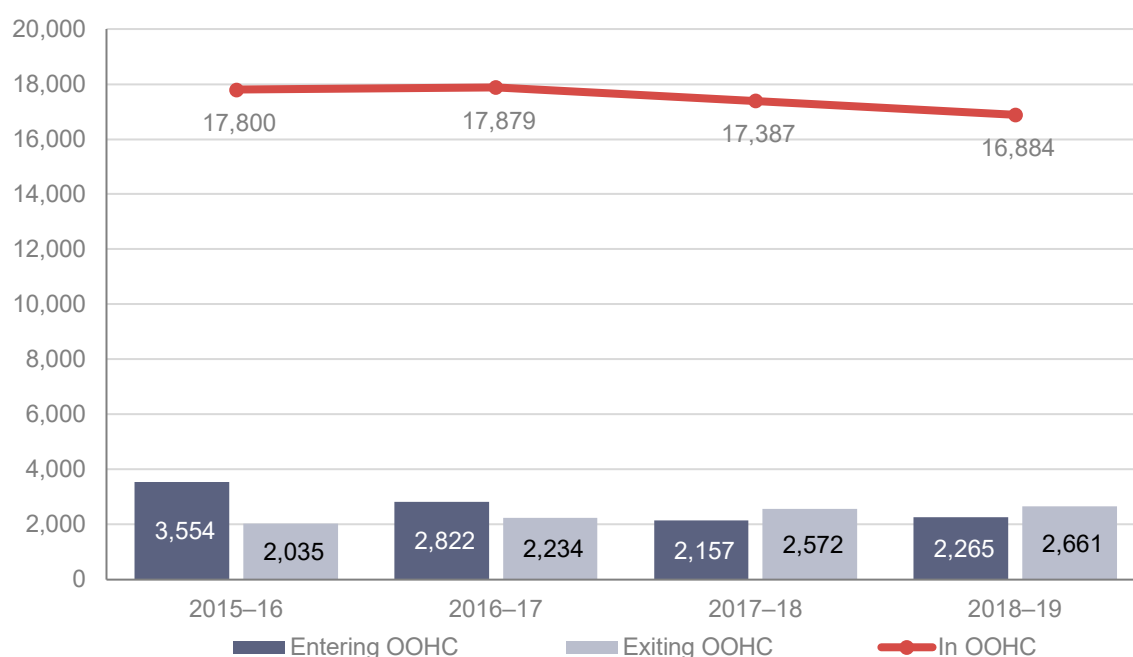
While the TFM Unit estimated that over 40,000 children and families were in the cohort populations that the reform intended to target, and the actuarial modelling estimated there were at least 263,000 vulnerable children and young people in NSW, in practice TFM's reach was limited to pilots that reached a small proportion of these populations.

TFM attempted to geographically spread the pilots across all 15 FACS districts, with at least one pilot program delivered in each FACS district. As at March 2020, these were estimated to have supported 6,621 individual children, young people or parents. Due to the inconsistency in records kept, it is likely this figure overestimates the number of unique individuals assisted.

In addition, TFM also has projects to improve the rate, quality and appropriateness of responses provided to children and young people reported to be at ROSH and their families, including through connecting them with other supports and services. As of January 2020, these projects had dealt with 14,408 individual engagements relating to vulnerable children, young people or parents. It is not known how many individuals these engagements correspond to. The TFM Unit advised that, as many of the pilot projects are in their infancy, it is too early to report meaningfully on long-term outcomes.

Promisingly, since 2016–17 - the year TFM began - the number of children in OOHC in NSW has decreased each year by approximately 500 children, while the number exiting OOHC has increased (see Exhibit 9). The Stronger Communities Cluster Secretary attributes this to a range of factors including FACS' Permanency Support Program, the NSW Practice Framework and related reforms including TFM. Given the drop in the number of children in OOHC began before TFM was in place, it is unlikely this was a contributing factor until 2017–18.

Exhibit 9: Children in OOHC in NSW 2015–16 to 2018–19



Source: Reports on Government Services 2018, 2019 and 2020, Productivity Commission.

TFM did not effectively brief government on risks to achieving the reform's objectives

The TFM Board and Unit, despite being aware of, and discussing numerous challenges and risks at the Board level and reporting to the government, did not effectively alert the government to the threat these risks posed to realising the ambitious policy objectives within the timeframe of the TFM reform.

The TFM Unit provided regular updates to the TFM Board of the progress of the reform, and associated pilot projects. These updates provided oversight of steps taken towards fulfilling the endorsed work plan and aims of the reform. However, the reports emphasised operational rather than strategic performance and risks.

The TFM Board and Unit were required to provide regular implementation and evaluation updates to the government on the implementation of the TFM reform. Annual progress reports were submitted in 2017 and 2018. These included detailed accounts of implementation progress, and a work-plan for the next year.

Due to the timing of the reform, the updates primarily reported on the number of program participants, rather than the individual outcomes achieved through these programs. The TFM Unit advised that it was not required to provide an update in 2019 due to machinery of government changes. The TFM Unit also advised they would not be required to provide the government with a final evaluation of the reform.

Progress was generally reported against operational milestones in implementation plans. Progress against TFM's intent and expected outcomes for children and families was not usually covered. While reports included advice about delays and risks on specific deliverables or work streams, they did not indicate that the reform's policy objectives and promised breadth may not be delivered in the timeframe allowed. Nor did they stress the need for ministerial intervention to expedite key work such as establishing the investment approach and reprioritising the funding pool.

Although the external governance review of the TFM Board reporting in May 2018 recommended the board determine whether the timeframe and reform were too ambitious, we do not have evidence that this occurred.

The TFM Board and Unit recognised the need for a longer period in which to develop and implement the reform to the child and family system in the Systems Transformation business case, recommending a ten-year term for those measures (see Exhibit 5). However, this business case did not proceed, and they did not identify the means to continue TFM efforts beyond the end of the reform. Nor did they effectively brief the government on the need to adjust either the expected outcomes or the timeframe.

The authorising environment was insufficient to deliver the reform agenda

The TFM Board and TFM Unit were tasked with tackling key drivers of the out of home care system but were not given sufficient powers to do so.

In agreeing to the establishment of the TFM Board, the NSW Government considered it had the authority to make decisions as required to progress the implementation of the reform. The TFM Board and Unit's mandates rested on Cabinet decisions endorsing the TFM governance and implementation plan, and ministerial charter letters setting out the relevant priorities of the government. Unlike the previous Keep Them Safe reform, there was no enabling legislation to support implementation. As discussed in Section 3.2, the majority of the investment funding was expected to be negotiated from existing agency budgets.

The Tune Review had highlighted, from the New Zealand experience, the importance of having an established cross-agency dataset which demonstrated the potential future service costs to government, and senior political leadership and momentum, before establishing the reform. There are examples of whole-of-government approaches being tried that include legislative amendments to enable departments to collectively pool resources and conduct joint budgeting activities. But these elements were not secured early on for TFM.

In practice, the Cabinet decisions on TFM were not, on their own, a sufficient mandate for the TFM Board and TFM Unit to compel the cross-agency action necessary to deliver the reform. They were largely reliant on cooperation and goodwill amongst partner agencies to prioritise delivery of TFM recommendations.

While the relevant Cabinet decisions were binding on agencies, the terms of these decisions did not cover how the TFM deliverables should be ranked when in competition with other government priorities, including the provision of universal and crisis services. The lack of comparative evidence about program effectiveness, and on partner agency costs associated with failing to effectively support vulnerable children and families, meant the reform had less weight than established policies and services. When other government priorities competed, the TFM Board and Unit had no other levers to pull.

4. The TFM evidence base

Creating a robust evidence base was important for Their Futures Matter, in order to:

- identify effective intervention strategies to improve supports and outcomes for vulnerable children and families
- make efficient use of taxpayer money to assist the maximum number of vulnerable children and families
- inform the investment-based approach for future funding allocation.

This chapter assesses whether the TFM reform has developed an evidence base to inform cross-agency investment decisions.

4.1 Building an evidence base

The evidence base needs to mature to inform future reform and funding decisions

The government endorsed TFM to implement an investment-based approach to prioritise resources to better support vulnerable children and families. Key to this was to build an evidence base for effective, data informed interventions targeted at specific vulnerable cohorts. While the TFM reform began developing an evidence base, this was not mature enough to inform funding decisions within the term of the reform.

The TFM Unit sought to build this evidence base by reviewing evidence on risk factors for vulnerabilities and effective interventions, trialling evidence-based programs from other jurisdictions, stakeholder consultations, analysing an interlinked human services data set, and piloting several programs towards identified areas of need. While good progress has been made to establish and test each, none are yet mature enough to determine which intervention has the biggest impact on the risk factors or likely trajectory of vulnerable children and families.

The TFM Human Services Data Set identified key vulnerability risks and opportunities for effective intervention

The TFM HSDS (detailed in Section 2.2 and Exhibit 15 in Appendix three), provides a strong evidence base for identifying the key characteristics of vulnerable children and families in NSW, and the points at which earlier interventions may assist.

The TFM Unit collaborated with partnering agencies to develop the TFM HSDS. The TFM Unit worked with the Privacy Commissioner of NSW to establish a specific Public Interest Direction and a Health Public Interest Direction governing the enterprise. This enabled agencies to share de-identified data relating to government service use for all individuals in NSW born after 1 January 1990, and their families.

Partnering agencies and the TFM Unit identified relevant and complete data sets in their holdings, which were de-identified and linked by the Centre for Health Record Linkage (CHeReL). The dataset is unprecedented in scale in NSW, bringing together 27 years of data, over seven million records, from more than 60 frontline data sets in 11 government agencies.

The TFM Unit commissioned actuarial modelling on the TFM HSDS, published in 2019 in the Forecasting Future Outcomes - 2018 Insights Report. This provides insights on future costs to government that should assist in prioritising future investment.

While the analysis of the HSDS confirmed well-known trends, it did not robustly test for unknown risk factors. Without investigating these trends, the insights gained from the analysis may be incomplete. While the analysis included parental mental illness, domestic violence, alcohol abuse and drug abuse as risk factors, it was not exhaustive. For example, there is growing evidence that parental mental capacity is a potential risk factor for a child entering OOHC, while disability is a key vulnerability. Further analysing the HSDS to uncover all possible risk factors will allow for more comprehensive insights to be drawn. The TFM Unit advised that it is currently trialling the use of this dataset to assess the long-term impact of interventions through analysing service usage after program participation.

Adding additional data sets to the TFM HSDS, as is planned, will strengthen the ability for modelling to more accurately predict future service needs, and the effectiveness of interventions. For example, one of the main risk factors for future involvement with the justice system is disengagement from school, however the NSW Government does not collect comprehensive attendance data from all schooling systems (government and non-government), and suspension data is not yet included in the dataset.

Given its scale and the time taken to develop the related Public Interest Direction, we are advised that it is not currently feasible to maintain real time data in the dataset, which held data to 30 June 2017 at the time of the audit. This data forms a baseline against which service effectiveness and future changes to population outcomes can be seen. The TFM Unit intends to conduct an annual process to integrate new data sets from agencies and update existing data. At the time of the audit, the TFM Unit was working with agencies to update the dataset with data up to 30 June 2019 and additional data sets including public school suspensions and Commonwealth data relating to welfare payments, the Medicare Benefits Schedule, the Pharmaceutical Benefits Scheme, the Australian Early Development Census, income and taxation, education and training and the Census of Population and Housing.

Service mapping did not identify need, gaps, duplication or service effectiveness

The evidence base was not sufficient to enable the TFM Board to understand the existing range and relative effectiveness of services provided to vulnerable children and families. The Tune Review recommendations included examining system wide service usage and pathways, and establishing local governance to provide advice on local needs and service gaps.

The NSW Ombudsman has also repeatedly highlighted the need for greater coordination between the child protection, education, health and justice sectors, accompanied by evidence which identifies need, the level and nature of existing services provided, and the related outcomes achieved for children, young people and families.

Some service mapping has been undertaken through TFM, focused on the existing programs in the funding investment pool. This relied on self-reporting from agencies about the programs' geographic location, alignment to TFM priority cohorts, stage of support, funding value and contract period, and whether service providers considered there to be competitors or alternatives to the service in their area. However, further service mapping needs to be done to understand how existing agency services and programs match to need, and more robustly identify any service gaps or duplication.

TFM efforts to grow the evidence base were not sufficiently oriented to Aboriginal children and families

Several programs were developed overseas and licences to use them in NSW required that fidelity to the model be maintained. Promising results are evident for most of the families who completed the program, but some aspects of the programs were not suitable for Aboriginal families - a key target group for the TFM reform.

Within NSW, Aboriginal children and families are over-represented in the out of home care system, making up over 37 per cent of vulnerable children in care. The Tune Review observed that previous programs have proved ineffective and highlighted the need for access to effective, culturally appropriate services to address current needs. In September 2016, the former FACS Minister announced an independent review of Aboriginal children and young people in OOHC to examine the reasons for these disproportionate and increasing numbers.

This was the first review to focus specifically on Aboriginal children and families, and their interaction with the child protection system in NSW. The resulting 'Family is Culture' review report, published in late 2019, noted that Aboriginal children are known to the child protection system early, highlighting opportunities for early intervention, prevention and diversion. It also highlighted barriers to the use of existing early intervention services by Aboriginal families including a lack of resources, lack of culturally appropriate services and lack of casework support. It made recommendations for legislative reform to mandate the provision of early intervention services, the making of active efforts to prevent entry into care, and reforming casework practice to better support families experiencing challenges with housing, disability and domestic and family violence.

The TFM Unit consulted extensively with peak Aboriginal organisations and service providers to identify opportunities to deliver better outcomes for vulnerable Aboriginal children and families. These organisations advocated for more Aboriginal-led programs that are specifically designed to deliver better outcomes for the child, while building on cultural connections.

However, as the evidence-based program models were developed overseas they did not consider the complexities of the NSW context with many stakeholders noting the unintended impacts these programs had on Aboriginal families. This affected Aboriginal client uptake and engagement. The TFM Unit made some adjustments to the pilots in consultation with Aboriginal service providers but was limited by the program licences from significantly changing them (see Exhibit 10).

Exhibit 10: Tailoring evidence-based programs to better meet the needs of Aboriginal families

In November 2018, the TFM Unit conducted an implementation review of its family preservation and restoration programs (Multisystemic Therapy for Child Abuse and Neglect - MST-CAN and Functional Family Therapy Child Welfare - FFT-CW). The review noted that the programs were undersubscribed, with 20 per cent of families withdrawing from the program prior to completion. The review recommended that TFM further adapt the delivery of the model to the NSW context, and better support vulnerable Aboriginal children and families.

Following further consultation with Aboriginal service providers and community representatives, the TFM Unit adapted aspects of the models to make them more appropriate to the NSW context. This included more culturally appropriate family outcomes assessments and relaxing limits on the requirement for families to be in close proximity with their service provider. Despite these changes, the final evaluation report identified that Aboriginal family enrolment and completion of the FFT-CW and MST-CAN programs remained lower than expected.

The TFM Unit used this implementation experience to try a different approach. Under its existing 'Aboriginal Co-design and Evidence' initiative, the TFM Unit supported a local Aboriginal health and welfare organisation to develop an Aboriginal co-designed family preservation and restoration program. The organisation had initially been a provider of FFT-CW in partnership with a mainstream family service, but withdrew from the program when it observed issues with the model in engaging Aboriginal families.

The resulting pilot program, Nabu, aims to provide culturally appropriate wrap around services to local vulnerable Aboriginal children and families. Plans to replicate key elements of this program are subject to an impending evaluation, which will also determine the future funding of the pilot program.

The TFM Unit should complete this review, and identify key enablers of success that can be adopted and supported across the state. The TFM Board should consider the results of the FFT-CW, MST-CAN and Nabu evaluations in consultation with Aboriginal representatives, and determine whether Aboriginal co-designed family preservation and restoration are more suitable than the imported evidence-based models for Aboriginal communities.

Source: Audit Office research.

Another TFM initiative funded partnerships between relevant Aboriginal organisations with consultancies to strengthen capabilities in data collection and evaluation for Aboriginal service providers. This aimed to build the evidence on 'what works' for promising programs and services provided by Aboriginal organisations for Aboriginal children, young people, families and communities.

The TFM Unit has recently developed a range of localised pilot programs to respond to the lessons learned from this 'Aboriginal Co-design and Evidence' initiative. The business case on Systems Transformation (see Exhibit 5) also argued that the current child and family system does not have sufficient capacity to offer Aboriginal people access to earlier support or choice about who provides their supports, and aimed to address these challenges. As noted, however, this business case was not put forward to government for the 2020–21 Budget.

4.2 Setting standards and requirements for data collection

TFM established a consistent evaluation framework, but this was not in place for reform decisions on funding and program scale up

Prior to the reform, there was no standard approach to reviewing programs to support vulnerable children and families across government, with variation in the scope and robustness of the evaluations that were conducted. This made it difficult to compare and determine which programs best support vulnerable children and families.

The TFM Unit collected and assessed the latest evaluations of each program in the identified funding pool (see Section 3.2) from participating agencies. The depth and currency of these reviews were inconsistent, with only two programs supported by robust evidence that demonstrated effectiveness (see Exhibit 11).

Exhibit 11: Summary of existing reviews

Partnering Agency	Number of Programs	Programs without evaluations	Outcomes-based evaluations	Robust evidence of effectiveness
Family and Community Services	7	5	2	--
NSW Health	13	4	8	2
NSW Department of Education	4	1	2	--
Department of Justice	6	--	4	--
Total	30	10	16	2

Source: Department of Communities and Justice 2018.

The TFM Unit advised that it was requesting updated evaluations of all identified programs from the partnering agencies and expected all future evaluations of the identified programs to have a cost-benefit analysis in line with NSW Treasury guidance. At the end of 2019, TFM developed a shared outcomes framework, and evaluation template, to assist in enhancing consistency between evaluations. These evaluations should provide the TFM Board with better information to determine the reprioritisation of pooled funding.

All pilot programs were expected to be evaluated by 30 June 2020. This may inform decisions on the future funding and possible scaling up of the pilots, and may allow the TFM Unit to compare its pilot programs against existing agency programs and services.

TFM has limited processes to validate data from service providers

The TFM Unit formalised data collection arrangements to encourage consistency in data collection between different programs implemented by various service providers across the state. While these agreements aligned data collection with program KPIs and outcomes, on occasions data sharing arrangements were not formalised in a timely manner. This may compromise the completeness of data collection in the interim.

The TFM Unit has limited processes to validate the information provided by service providers. Without these checks, the TFM Unit has no method to verify that service providers are delivering the contracted services as expected to vulnerable children and families across the state, beyond periodic evaluations. The TFM Unit advised that it checks that these submissions contain no missing data and are comparable to previous submissions.

However, it does not have a regular practice of validating the information provided by service providers. While the service agreements allow for the TFM Unit to audit service providers, we did not see evidence of this occurring in practice. We found the same issue in our 2019 report on FACS' commissioning of NGOs.

4.3 Using the evidence base for planning and resourcing

The actuarial modelling allowed TFM to prioritise efforts

The actuarial model developed for the TFM HSDS provides great insights that should assist in prioritising future investment. The TFM Unit and partner agencies initially identified six cohorts of vulnerable children and families that are likely to require significant government assistance which the modelling analysis focused on (see Exhibit 12). The TFM Board subsequently decided to prioritise efforts on:

- vulnerable young children aged zero to five, including young mothers and their children
- vulnerable young people transitioning to adulthood, including young people with mental health vulnerability.

Exhibit 12: Vulnerable cohorts

Cohort	Details	Number of people in NSW	Estimated Cost to government per individual
Vulnerable young children aged zero to five	Children born in NSW aged five or younger who come from a vulnerable family, or have been assessed as being assessed at risk of significant harm (ROSH)	160,403	\$119,000
Vulnerable young Adolescents	Anyone born in NSW who was aged between ten and 14 who come from a vulnerable family, have had interactions with the justice system, or have been assessed as being assessed at ROSH	72,991	\$153,000
Vulnerable young people transitioning to adulthood	Anyone born in NSW who was aged between 16 and 18 who have had interactions with the justice system, or have been assessed as being assessed at ROSH	30,065	\$162,000
Young mothers and their children	Females born in NSW aged 21 or younger at 30 June 2017 with at least one child, and their children	6,725	\$490,000
Children and young people affected by mental health	Anyone born in NSW who was aged 18 or younger who have used NSW mental health services or have parents who have used NSW mental health services over the last five years	183,633	\$145,000
1,000 individuals with highest estimated service cost	The 1,000 individuals born in NSW with the highest estimated future cost	1,000	\$2,030,000

Source: Department of Communities and Justice 2018 and 2020.

The TFM Unit piloted the Thriving Families NSW and the Futures Planning and Support programs to support these cohorts. Further programs are required to respond to the complex needs of those in other cohorts.

The TFM Human Services Data Set could be better utilised

Expediting the development and use of the TFM Human Services Data Set (HSDS), and associated modelling, may have provided TFM a stronger platform to influence the reprioritisation of funds to better support vulnerable children and families. Now that it is established, its insights should be further harnessed for resourcing and planning decisions.

The Tune Review observed that a cross-agency dataset (like the HSDS) would be an important foundation for an investment approach that directs resources to interventions that have the greatest potential to achieve results for at risk clients. The time taken to establish privacy protections through the Public Interest Direction, share appropriate data across agencies, and develop the model for actuarial analysis meant that findings from the HSDS were not available until late 2018, more than halfway through the reform, and not published until 2019.

Many partnering agencies spoke highly of the HSDS, and associated modelling. Although the TFM Unit has developed guidelines on access to and use of the HSDS, many agencies were unsure how to access this dataset to inform future program development. In line with the data set's privacy provisions, the TFM Human Services Data Set Governance Advisory Committee controls access to the data, while the TFM Board Chair (and DCJ Secretary) is the data custodian. Agencies' submissions to use the data set are evaluated by the committee for alignment with the purpose of the Public Interest Direction issued by the NSW Privacy Commissioner. The TFM Human Services Data Set Governance Advisory Committee assesses applications to access and use the dataset from government agencies and NGOs. The TFM Unit advised that the Committee has recently provided in principle agreement for the dataset to be used in a research project by a local university. The TFM Unit and partner agencies should continue to ensure that relevant insights from the dataset inform service commissioning and practice improvements, including through discussion with NGOs, to inform wider service delivery.

The HSDS could be used to assess the impact of successful pilot programs on future service use. Currently the HSDS does not include information from the pilot programs and is at this stage unable to monitor the long-term change in trajectory of individual program participants. The TFM Unit advised that if a program had a promising final evaluation on the outcomes achieved for participants, relevant data could be incorporated into the HSDS to better track the long-term benefits of the intervention against a control group.

Planning was not effective to scale up successful pilot programs

The TFM Unit has a range of pilot programs to better support vulnerable children and families, but there are no current plans to expand most of these statewide. Without wider implementation, the programs will not make a significant difference to the majority of the vulnerable children and families across NSW.

These programs include unique approaches to better support vulnerable children and families, such as greater access to individual and family-based counselling services. The TFM Unit is currently working with service providers to collect outcomes data and monitor the impact of the projects. The future of these programs depends on evaluations that are currently underway.

For example, the TFM Unit designed and implemented pilots to test 'cohort service solutions' for five of the seven cohorts initially identified by the TFM Board at the start of the reform (see Exhibit 13). However, only one has been evaluated to date and at the time of the audit there were no plans or resourcing allocated to expand these programs beyond existing pilot locations. Nor was data from these pilot programs incorporated into the TFM HSDS, making it difficult to assess the impact of the service solutions on participants' future vulnerability risks and service use.

Exhibit 13: Identified cohort solutions

Identified cohort	Name of program	Piloted service solutions	Final evaluation conducted	Established plans to roll out statewide
1. Children under 12 in residential OOHC who are not co-located with a sibling	Team Around the Child	✓	✓	—
2. Vulnerable young parents, 25 years and under	Thriving Families NSW	✓	—	✗
3. Vulnerable children aged zero to five	Thriving Families NSW	✓	—	✗
4. Aboriginal vulnerable young parents 25 years and under and their children, zero to five	Thriving Aboriginal Families	✓	✗	✗
5. Children aged ten to 17 that are in contact with the juvenile justice system, with a focus on children in remand	A Place To Go	✓	—	✗
6. Children aged five to 12 in OOHC with behavioural or psychological needs and/or a disability and may be in contact with the justice system	Starting Strong, Growing Strong	—	✗	✗
7. Children aged 14–16 in non-residential OOHC and with non-custodial contact with the justice system	Resilient Teens	—	✗	✗
Key: ✓ Developed — Under development ✗ No evidence				

Source: Department of Communities and Justice 2018 and 2019.

TFM does not yet have sufficient evidence on what is most effective to change the longer-term outcomes of vulnerable children and families

The current evidence base is not yet mature enough to determine which interventions provide the best long-term outcomes for vulnerable children and families. The TFM Unit advised that it takes time to implement and evaluate such initiatives. This was also a finding of the evaluation of the preceding Keep Them Safe reform. While the TFM reform has started to generate an evidence base about 'what works' to better support vulnerable children and families in NSW, this is not yet able to demonstrate which earlier interventions are most effective to change the trajectory of different groups of vulnerable children and improve individual life outcomes.

Current gaps in the evidence include:

- a lack of comparability between the evaluations of TFM pilot programs and existing agency programs
- the HSDS does not yet include pilot program participants' information to determine the impacts of the pilot programs on their future service use or life outcomes.

The evidence base should continue to be developed and deployed to scale up what works, drive greater resourcing in early intervention, enable investment in the right supports at the right time, and improve outcomes for vulnerable children and their families in NSW.

Section two

Appendices

Appendix one – Response from agency



Communities
& Justice

Ms Margaret Crawford
Auditor-General
Audit Office of NSW
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SYDNEY NSW 2001
Email: margaret.crawford@audit.nsw.gov.au

Ref: AF20/17245

Dear Ms Crawford

Thank you for the opportunity to respond to the *Performance Audit Report: Their Futures Matter*.

Your recommendations will help us build on the results achieved in the past four years for vulnerable children and families in NSW.

The independent review that triggered the *Their Futures Matter* reform projected that, even if its recommendations were fully implemented, the number of children in out-of-home care would continue to rise, with 2,500 more children in care within four years¹.

In fact, the number of children in care has fallen – not risen – over that time².

Just prior to the start of the *Their Futures Matter* reform, NSW had the fourth highest rate of children coming into care in Australia³.

We now have the lowest for all children and the second lowest for Aboriginal children⁴.

Their Futures Matter has provided a strong foundation for continuing to improve responses to vulnerable children and families:

- Developed an investment approach and used it to reprioritise all education, health and communities and justice funds not under contract and available for reprioritisation (~\$20M)
- Implemented evidenced-based family supports at scale that have supported more than 2,500 children – half of them Aboriginal - and which interim evaluation shows are effective in helping children remain safely at home⁵.

¹ Independent review of out of home care in NSW, Final report – David Tune AO PSM (p 26)

² There were 16,884 children in out of home care as at 30 June 2019 (FACS 2018-19 Annual Report)

³ Children admitted to out-of-home care per 1,000 population in 2014-15 - Table S5.17 (Child Protection Australia 2018-19)

⁴ Children admitted to out-of-home care per 1,000 population in 2018-19 - Table S5.17 (Child Protection Australia 2018-19)

⁵ Shakeshaft A, Economidis G, D'Este C, Oldmeadow C, Tran DA, Nalukwago S, Jopson W, Farnbach S, Doran C. The application of Functional Family Therapy-Child Welfare (FFT-CW®) and Multisystemic Therapy for Child Abuse and Neglect (MST-CAN®) to NSW: a draft interim evaluation of processes and outcomes. *NSW Government's Their Futures Matter*, January 2020.

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- Put in place robust cross-agency governance mechanisms. Current projects to reduce the number of young people on short term remand and integrate responses to children in Western NSW in their first 2000 days of life are examples of effective cross agency work to drive local commissioning; and
- The cross-government TFM Implementation Board is being replaced with new governance arrangements before the end of 2020.

The objectives of the 2016 reform remain, but the means of delivering some of them have changed.

In mid-2019, the Government merged the departments of Family and Community Services and Justice to improve earlier intervention for vulnerable children and families and to pool formerly separate funds linked to those goals in a single agency.

The Government has also established an evidence bank and data partnership to build evidence of what works, establish benchmarks for evidence quality and investment approaches to social policy and progressively catalogue the costs and benefits of different policy interventions.

These, combined with the Government's new outcome budgeting approach, will build on the 'important foundations' you found were established by *Their Futures Matter*.

The Government's Data Analytics Centre will take over management of the TFM Human Services Data Set, which is being updated and expanded.

The data set has already been used to predict likely demand for key mental health, justice and social welfare services following the economic slump caused by COVID-19.

NSW Health is leading collaboration across government and non-government agencies to deliver the First 2000 Days, vulnerable families strategy.

And our department is implementing the recommendations from work done by TFM across government and the sector to redesign the child wellbeing and child protection intake systems.

If you would like more information about DCJ response to the audit recommendations, please contact Ms Simone Walker, Deputy Secretary, Strategy, Policy and Commissioning at Simone.Walker9@facs.nsw.gov.au or telephone (02) 9716 2992.

Yours sincerely



Michael-Coutts Trotter
Secretary

23 July 2020

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{Their Futures Matter}

MANAGEMENT AGREED ACTION PLAN

(Note: All dates and activities are predicated on budget, staffing and department strategic direction related to the former Their Futures Matter (TFM) Reforms, activities and program of work. Anticipated completion date for work on department strategic directions is 31 October 2020 by Deputy Secretary, Strategy, Policy and Commissioning)

REC NO.	THE DEPARTMENT OF COMMUNITY AND JUSTICE SHOULD, BY JUNE 2021:
1)	<p>Continue work to deliver the intent of reform, including by:</p> <ul style="list-style-type: none"> a) developing a strategy and key performance indicators for the next stage of work to build on the progress that the reform made, and regularly reporting to the government on progress towards outcomes and key risks b) using the Their Futures Matter Human Services Dataset to identify the needs of vulnerable children and families, and undertake independent service mapping to assess the extent to which existing services respond to these needs c) working with agencies to track and report achievements against the whole of government shared outcomes framework for children aged zero to five years d) applying a consistent evaluation framework to all government funded services and programs for vulnerable children and families identified in the TFM investment pool, to assess and compare effectiveness, costs and benefits, and inform service planning and funding redirection e) identifying gaps, duplication and ineffective programs identified in the TFM investment pool serving vulnerable children and families to inform service planning and funding redirection f) assisting agencies with repurposing any programs identified in the TFM investment pool that are comparatively less effective, and redirecting this funding to more effective evidence-based approaches g) identifying means to scale up proven TFM pilot programs or promote their elements of success for wider adoption h) ensuring Aboriginal representation in relevant governance arrangements and all key decision points i) developing and implementing a plan in partnership with Aboriginal services, families and children to address the areas for improvement identified by the Tune and other relevant reviews j) continuing to prepare joint submissions to seek additional funding where the evidence supports this.

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Agency Response	<p>ACCEPTED</p> <p>The Stronger Communities cluster was created on 1 July 2019 with the merger of the former Family and Communities and Justice clusters. These arrangements will achieve much greater collaboration across family, communities and justice functions. The new cluster is prioritising prevention and early intervention across the social support system to respond to the causes and symptoms of poverty and disadvantage.</p> <p>As part of these changes, in July 2019 the Their Futures Matter (TFM) Implementation Unit transitioned to the new Stronger Communities Investment Unit (SCIU). The SCIU is fully integrated with the Stronger Communities cluster to lead whole-of-government delivery of the investment approach. This will involve SCIU continuing to work across government agencies to align strategic commissioning and funding to where it can make the biggest difference, as early as possible, to improve outcomes for vulnerable children and families.</p>		
AGREED ACTIONS		Person responsible	Date to be actioned by
1)	<p>The SCIU, through revised governance arrangements as recommended by the NSW Audit Office, will develop a Stronger Communities Investment Plan before the end of June 2021 that sets a clear strategy for the next stage of work to build on the progress the reform has made. The Stronger Communities Investment Plan will, consider :</p> <ul style="list-style-type: none">the use of Their Futures Matter Human Services Dataset to identify the needs of vulnerable children and families and inform investment priorities and service planningevaluation of government funded services and programs identified in the TFM investment pool against whole of government outcomes for children zero to five yearsIdentified opportunities to scale up proven TFM pilot programs or promote their elements of success for wider adoption and repurpose funding for programs in the TFM investment pool identified as comparatively less effective <p>The revised governance arrangements will include Aboriginal representation and cross-agency mechanisms to resolve areas of joint responsibility including funding.</p>	Executive Director Stronger Communities Investment Unit	June 2021

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2)	Revise the governance arrangements for Their Futures Matter to: <ul style="list-style-type: none"> a) ensure the participation of all relevant Ministers in decisions on the reform's performance, risks and value to each portfolio b) develop and implement a mechanism to resolve cross-agency issues that have reached an impasse, such as through escalation to the Secretaries Board and/or relevant minister's offices c) enhance the capability of the Their Futures Matter Implementation Board - or alternative governance entities established in its place - to include external expertise from Aboriginal leaders, finance professionals, the funded NGO sector, the evaluation and data field, and experienced commissioners. 		
Agency Response	ACCEPTED		
AGREED ACTIONS		Person responsible	Date to be actioned by
2)	<p>Revised governance arrangements will be finalised before the end of 2020 and build on the progress of the cross-government TFM Implementation Board by:</p> <ul style="list-style-type: none"> • Strengthening processes for agency engagement with relevant Ministers on implementing the investment approach and aligning funding to where it can make the biggest difference for vulnerable children and families • Improving cross-agency governance arrangements to identify programs that should be repurposed to the investment pool and redirected to more effective evidence-based approaches to better support vulnerable children and families • Governance arrangements that will enable a revised Stronger Communities Investment Board members to draw on a broader and diverse range of expertise and experience – of both government and non-government leaders – including expertise from Aboriginal leaders, finance professionals, the funded NGO sector, the evaluation and data field and experienced commissioners (for example, through targeted advisory groups or steering committees). 	Executive Director Stronger Communities Investment Unit	December 2020

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New South Wales Auditor-General's Report - Performance Audit
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3)	Work with partner Ministers and agencies to develop and implement: <ul style="list-style-type: none"> a) a mutually agreed standard of evidence required to make informed funding decisions, and a process to guide how decisions about future redirection of funding will be made where the evidence on effectiveness is mixed, unclear, or difficult to compare b) a process for reprioritising identified funding, building on the evidence and key enablers now in place, including outcomes evaluations from key pilots, the Human Services Dataset and the whole of government shared outcomes framework for children aged zero to five years. 		
Agency Response	ACCEPTED AND ONGOING <p>The TFM board made investment decisions based on data, evidence and evaluations. Building on that work, the Government has established a whole-of-government evidence bank and a data partnership to build and share evidence of what works, establish benchmarks for evidence quality and key assumptions and techniques in modelling investment approaches to policy and progressively catalogue the costs and benefits of different policy interventions. This, combined with the Government's new outcome budgeting approach, will address recommendations 3a) and 3b) above.</p>		
4)	Ensure, for the Their Futures Matter Human Services Dataset that: <ul style="list-style-type: none"> a) there continue to be data governance arrangements in place to preserve the independence of the Data Set, and protect the privacy of the data it contains b) there is a strong mandate and clear cross agency accountability governing data sharing and use, and rigorous controls are in place to ensure the quality, reliability, accuracy and completeness of the data, and compliance with relevant legislation and directions c) it captures relevant outcomes and administrative data, and is regularly updated and analysed d) insights from its analysis continue to be shared within government and with external stakeholders including funded service providers and academics e) it is used effectively to enhance service delivery, guide investment and drive social policy reforms in NSW 		
Agency Response	ACCEPTED AND ONGOING <p>The Human Services Dataset will continue to be well governed and controlled and regularly updated. Its insights will continue to be shared inside and outside government and it will continue to be used to guide investment, improve service delivery and drive social policy reform.</p>		

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Appendix two – TFM governance entities

Exhibit 14: Governance entities for the Their Futures Matter reform

Entity	Purpose	Membership	Key responsibilities	Key deliverables
TFM Implementation Board	To implement a statewide approach to service delivery for vulnerable children and families called Their Futures Matter: A new approach.	<p>Chaired by the FACS Secretary.</p> <p>Members: Deputy Secretaries or above from DPC, Treasury, FACS, Health, Education and Justice.</p>	<p>Provide cross-agency government leadership and decision making on the implementation of the reform.</p> <p>Promote a culture of cross-agency collaboration within government, NGOs and the Commonwealth to support implementation of the reform.</p> <p>Allocate and prioritise identified targeted and specialist cross-government expenditure on vulnerable children and families and Keep Them Safe funding.</p> <p>Review and approve budget submissions and updates to Cabinet made by the cross-agency Implementation Unit.</p> <p>Ensure implementation risks are identified, and appropriate control, monitoring and reporting mechanisms are in place.</p> <p>Enable the work of the cross-agency implementation unit in other agencies to achieve the above responsibilities.</p> <p>Enable districts to lead and implement the changes established through the reform.</p> <p>Ensure alignment between agencies with regard to other work impacting the same policy areas or service delivery.</p>	<p>Cross government funding will be aligned for vulnerable children and families.</p> <p>A single commissioning entity will allocate resources based on need.</p> <p>A whole-of-government investment approach will be in place to drive service design and delivery, guiding investment and targeting evidence-based responses to maximise long term system cost effectiveness.</p> <p>Data will identify and prioritise the most vulnerable groups.</p> <p>Child and family centred cohort support packages aligned with commissioning arrangements will be provided to all vulnerable families identified.</p> <p>A redesign of the intake and assessment of vulnerable children and families.</p> <p>An integrated government response to vulnerable people.</p>

Entity	Purpose	Membership	Key responsibilities	Key deliverables
TFM Board Investment Committee	To oversee the identification of current expenditure on services for vulnerable children and families in NSW to inform the development of the investment approach for that cohort.	Chaired by DPC Deputy Secretary for Social Policy. Members: Directors and EDs from DPC, Treasury, FACS, Health, Education, Justice.	Delegated authority from the Board to produce the deliverables (at right). The committee is dissolved on formal acceptance of the deliverables by the Board.	Agreed methodology for identifying current expenditure on vulnerable children and families across government. Final report for the Board detailing services and funds identified, analysis of the strengths and limitations, risks and any mitigation recommended.
Human Services Data Set Governance Advisory Committee	To oversee the governance of the TFM HSDS. It ensures compliance with relevant governance legislation and practices, including audit and testing requirements. The committee also advises on security issues, privacy requirements and ethics processes.	The Data Custodian is the Secretary of the Department of Communities and Justice. Chaired by TFM Unit Director, Investment Modelling, Research and Evaluation. Members include representatives from Communities and Justice, Education, Health, and the Bureau of Crime Statistics and Research.	Monitor and make recommendations to SCIU and the Board Chair on matters of data governance policy and practices. Review SCIU-TFM's data governance framework and policies for the TFM HSDS and recommend to the Board Chair revisions as warranted. Coordinate responses from their respective agencies in relation to reports and other analytic outputs produced from the TFM HSDS and in accordance with the MoU. Provide advice and recommendations to SCIU-TFM and the Board Chair to support decision-making regarding the TFM HSDS. Consider data and research proposal requests involving the TFM HSDS, including requests for Approved Analysts, and advise the Data Custodian of recommended outcomes.	Collaborated with partnering agencies to develop the TFM HSDS. Worked with the NSW Privacy Commissioner to establish specific Public Interest Direction and a Health Public Interest Directions. Commissioned actuarial modelling on the TFM HSDS, published in the Forecasting Future Outcomes - 2018 Insights Report.

Entity	Purpose	Membership	Key responsibilities	Key deliverables
Chief Financial Officer (CFO) Working Group	<p>Ensure that the TFM Board receives timely strategic and technical advice on the financial aspects and implications of TFM.</p> <p>Give agency CFOs clear visibility of, and accountability for, relevant TFM work streams.</p>	<p>Chaired by Health CFO.</p> <p>Members: Executive Director for Education, Family & Communities from Treasury.</p> <p>CFOs from TFM Board agencies: Education, FACS, Health, Justice.</p> <p>Director for FACS and Service Innovation from DPC.</p> <p>Director and ED from TFM Implementation Unit.</p>	<p>Provide cross-agency leadership, advice and recommendations to the Board to support key TFM work streams that interact with cluster budgets.</p> <p>Identify all relevant funding across agencies and assessment for pooling.</p> <p>Establish and implement the TFM budget allocation process for recurrent funding.</p> <p>Ensure appropriate performance monitoring, benefits realisation and value for money in respect of TFM funding decisions.</p> <p>Ensure that any material risks are identified, and responded to with appropriate control, monitoring and reporting mechanisms.</p> <p>Consider business cases for new proposals to improve life outcomes for vulnerable children and families in NSW, and ensure there is no duplication or overlap in business cases or funding requests across clusters.</p> <p>Implement changes necessary to introduce outcomes-based budgeting to TFM.</p> <p>Support and lead stakeholder engagement within agencies to enable the reform.</p>	<p>Identification of total system expenditure on vulnerable children and families.</p> <p>Advice to allocate and prioritise identified cross-government funding for vulnerable children and families.</p> <p>Identify and assess for pooling relevant funding for the reform across agencies, with an ongoing process for progressive pooling of targeted spend in place and adjustments made to fiscal planning accordingly.</p>

Entity	Purpose	Membership	Key responsibilities	Key deliverables
Executive Director (ED) Working Group	<p>Drive implementation of the TFM reform in partner agencies to support the TFM Board. Act with full authority to provide solutions to implementation challenges encountered by TFM's statewide approach to service delivery for vulnerable families.</p>	<p>Chaired by TFM Implementation Unit ED.</p> <p>Members: EDs or equivalent from: Education, FACS, Health, Justice, NSW Data Analytics Centre, Juvenile Justice, NSW Police Force, DPC and Treasury.</p>	<p>Provide effective cross-agency solutions to implementation challenges to ensure the TFM reform is delivered to a high quality and within required timeframes.</p> <p>Work collaboratively to ensure reform implementation avoids duplication of effort and leverages existing services, policies and guidelines as appropriate.</p> <p>Oversee and monitor benefit realisation and outcomes of TFM programs and the reform.</p> <p>Oversee implementation planning, identify implementation risks and put in place appropriate control, monitoring and reporting mechanisms as required.</p> <p>Ensure that Board members have advance visibility of key challenges and risks, and are positioned to make effective, collaborative decisions at Board meetings.</p> <p>Work collaboratively with the Data Committee and CFO Working Group to resolve any data or financial issues where there is overlapping responsibility.</p> <p>Provide advice and direction to the CFO Working Group regarding financial decisions impacting agencies for Board consideration.</p> <p>Support and lead stakeholder engagement within agencies to enable the reform.</p>	<p>Supporting the Board to ensure Cabinet decisions and deliverables relating to the TFM Work Program are implemented in full.</p> <p>Overcoming strategic barriers to ensure the Board completes its deliverables.</p>

Entity	Purpose	Membership	Key responsibilities	Key deliverables
TFM Implementation Unit (renamed Stronger Communities Investment Unit in 2019)	Coordinate and deliver the scope of work detailed in the TFM Implementation Plan approved by Cabinet.	Representatives from all directly involved government agencies.	<p>A resource for the Board to progress tasks.</p> <p>Report directly to the Board for all decisions required in relation to the work plan for implementation of Their Futures Matter with regards to:</p> <ul style="list-style-type: none"> • milestones and deliverables for work streams • implementation of decisions and feedback • communication of decisions and engagement of stakeholders • procurement outcomes • overall governance reporting. 	As for the Board (above).

Source: Department of Communities and Justice.

Appendix three – TFM Human Services Data Set

Exhibit 15: Sources of data in the HSDS

Field	Data Sets
Child Protection	<ul style="list-style-type: none">• Concern reports• Risk of significant harm (ROSH) reports• Safety assessment, risk assessment and risk reassessment (SARA)• Number of placements in out of home care (OOHC)• OOHC episodes (own and next generation)• OOHC placement type• Primary issue given as reason for concern report and SARA• Restoration
Housing	<ul style="list-style-type: none">• Social housing tenancies• Private rental assistance• Homelessness services
Justice	<ul style="list-style-type: none">• Custody• Community supervision• Court finalisations• Cautions• Youth conferences• Legal Aid
Health	<ul style="list-style-type: none">• Public hospital admissions• Private hospital admissions• Emergency department presentations• Ambulance patient contact events• Childbirth• Opiate treatment program
Education	<ul style="list-style-type: none">• National Assessment Program — Literacy and Numeracy (NAPLAN) year 3 results• NAPLAN year 7 results• HSC completion• Unexpected government school moves• Resource Allocation Model (RAM) equity loadings
Mental health	<ul style="list-style-type: none">• Hospital admission for mental health• NSW Ambulatory mental health

Field	Data Sets
Alcohol and other drugs (AOD)	<ul style="list-style-type: none"> • Hospital admission for AOD • Proven AOD offences
Parental risk indicators	<ul style="list-style-type: none"> • Parent in custody • Parent interaction with justice • Proven AOD related offence or AOD hospital admission • Proven domestic violence related offence or victim of domestic violence • Treatment for mental health in NSW hospital or ambulatory services
Commonwealth services	<ul style="list-style-type: none"> • Welfare • Medical Benefits Scheme (MBS) • Pharmaceutical Benefits Scheme (PBS)

Source: Department of Communities and Justice 2020.

Appendix four – TFM pilot programs

Key reform programs

The TFM Unit, with partner agencies and funded service providers, developed trial packages to provide targeted assistance and wraparound supports to some vulnerable groups with similar needs and experiences in pilot locations. These groups, or cohorts, include:

- children under 12 in residential OOHC who are not co-located with a sibling
- vulnerable young parents, aged 25 years and under
- vulnerable children aged zero to five
- Aboriginal vulnerable young parents aged 25 years and under and their children, aged zero to five years
- children aged ten to 17 that are in contact with the juvenile justice system, with a focus on children in remand
- children aged five to 12 in OOHC with behavioural or psychological needs and/or a disability and may be in contact with the justice system
- children aged 14–16 in non-residential OOHC and with non-custodial contact with the justice system.

Known as 'cohort service solutions', the TFM packages aimed to build linkages between existing programs and services and fill service gaps, with the broader state and Commonwealth service systems in mind (see Exhibit 16).

Exhibit 16: Cohort service solutions

Thriving Families NSW

Aimed to enhance the wellbeing of vulnerable families and decrease the likelihood of them reaching crisis point by ensuring young parents have access to age-appropriate, strength-based wraparound services, which meet the needs of the entire family. Thriving Families NSW draws on services from across NSW Government, including NSW Health, the Department of Communities and Justice, and the Department of Education, as well as NGOs to deliver antenatal and postnatal health services, assist parents to continue with their studies, and to assist participants access any other required governance assistance. Thriving Families NSW was being piloted in Western Sydney, and as of March 2020 had assisted 53 clients.

Thriving Aboriginal Families

Aimed to work with Aboriginal communities to enhance local service systems supporting families experiencing vulnerability. Communities are co-leading the design with TFM, placing the lived experiences of families at the centre of the work. Service design will be place-based and embedded in the local service system to improve access for families displaying early signs of health, educational and social vulnerability. Thriving Aboriginal Families NSW was being piloted in two DCJ districts, and in March 2020 was assisting 28 children.

A Place To Go

Supports children and young people aged ten to 17 in contact with the juvenile justice system, with a focus on children and young people in remand. A Place to Go draws on services from across NSW Government, including the Department of Communities and Justice, the Department of Education, Justice Health and Forensic Mental Health Network, as well as other non-government service providers. It aimed to connect young people with suitable study options, provide legal assistance, necessary healthcare and assistance to find short-term accommodation. A Place To Go was being piloted at two courts, and as of March 2020 had assisted 682 children.

Source: Department of Communities and Justice.

The TFM Unit also adopted a 'try, test, learn' approach to select and trial a range of pilot programs to better support vulnerable children and families (see Exhibit 17). Some of these pilot programs are adaptations of evidence-based programs which have shown promising results overseas. The pilot programs are being trialled in a few select locations and will be formally evaluated before decisions are taken on further resourcing and rollout.

Exhibit 17: Current pilot programs

Functional Family Therapy - Child Welfare (FFT-CW)

Launched in August 2017, FFT-CW is a home-based family therapy model focused for at-risk families. It aimed to address the underlying trauma that results in harm to children and families. FFT-CW was delivered by six NGOs in ten DCJ districts across NSW. As of April 2020, 2,449 vulnerable children had participated in FFT-CW.

Multisystemic Therapy for Child Abuse and Neglect (MST-CAN)

Launched in October 2017, MST-CAN is a 24/7 home-based treatment model for families with substantiated cases of physical abuse and/or neglect of children and young people between six and 17 years. MST-CAN was delivered by six NGOs across five DCJ districts in NSW. As of April 2020, 225 vulnerable children had participated in MST-CAN.

LINKS Trauma Healing Service

Provides a range of therapists (such as Aboriginal Mental Health Clinicians, Psychiatrists, Occupational Therapists and Speech Pathologists) to provide trauma-focused, evidence-based support to children in out-of-home care. LINKS was provided in two DCJ districts and as of March 2020 had assisted 390 children.

OurSPACE

Provides individually tailored therapeutic intervention for children and young people, working in partnership with carers, their support agencies (if available) and the relational networks which are important to them. OurSPACE was provided in 16 DCJ districts and, as of March 2020 had assisted 2192 children.

Treatment Foster Care Oregon (TFCO)

Launched in July 2018, TFCO provides a strength based, relational approach based on social learning and behaviour modification principles, aimed at changing the negative trajectory of behaviour that gets in the way of experiencing positive relationships, stability of placement and engagement with education, peers and the community. TFCO was provided in two DCJ districts and as of March 2020 had assisted 13 children in placements.

Futures Planning and Support

Announced in February 2020, the Futures Planning and Support program aims to provide additional support to young people 17–24 years who have been in out of home care. It offers additional support, above the universal support already provided, to young people with higher, more complex needs to support them to achieve goals they have identified. Futures Planning and Support was planned to be piloted in one DCJ district. The TFM Unit expected services to commence in March 2020, however, it advised this has been delayed due to COVID-19.

ID. Know Yourself

Launched in February 2019, ID. Know Yourself was an Aboriginal-led mentoring program for Aboriginal young people aged 15–18, soon to exit the out-of-home care system. It aimed to support Aboriginal young people to become strong and resilient and prepare them to reach their full potential in life after care. ID. Know Yourself was provided in one DCJ district and as of March 2020 had assisted 20 children.

Nabu

Launched in July 2019, Nabu is an Aboriginal co-designed program that works with Aboriginal and Torres Strait Islander families to preserve, and if required restore, families wherever possible. Nabu was provided in one DCJ district and as of March 2020 had assisted 42 clients.

Youth Action Meetings

Facilitated by NSW Police, Youth Action Meetings (YAMs) provide the opportunity for local-level collaboration to provide better interventions to children and young people (aged ten to 17 years) at risk of harm, re-offending or re-victimisation. In July 2019, TFM funded two Coordinator positions to provide secretariat support, case co-ordination, monitoring and review of youth action plans developed for children and young people referred to the YAM. As of March 2020, these meetings had assisted 14 vulnerable children.

Broadmeadow Children's Court

Launched in July 2019, the Broadmeadow Children's Court pilot aimed to provide alternative service pathways for children and young people entering and or exiting the justice system by facilitating collaboration with government and non-government agencies that will support decisions, assessments, and interventions to reduce offending. As of March 2020, this project had assisted 324 vulnerable children and young people.

Source Department of Communities and Justice.

The TFM Unit has also piloted projects to improve the rate, quality and appropriateness of responses provided to children and young people reported to be at ROSH and their families, including through connecting them with other supports and services (see Exhibit 18).

Exhibit 18: Access system pilots

Collaborative Supported Pathways

Launched in October 2018, the Collaborative Supported Pathways was a pilot in South-Western Sydney which restructured the processes around intake and assessment of children reported to be at risk of significant harm (ROSH) to receive an appropriate service response. As at December 2019, the pilot had triaged 9,455 reports on vulnerable children.

Northern NSW Helpline

Launched in October 2018, the Northern NSW Helpline pilot aimed to support the Community Services Centres to provide a timely response and assessment to children and families who meet the ROSH threshold, as well as link children and young people who do not meet the ROSH threshold to appropriate supports earlier. As of January 2020, this pilot had actioned 4,953 unique cases relating to vulnerable children and families.

Source: Department of Communities and Justice.

Appendix five – About the audit

Audit objective

This audit assessed the effectiveness of the governance and partnership arrangements in place to enable an evidence-based early intervention investment approach for vulnerable children and families in NSW.

Audit criteria

We addressed the audit objective through the following audit questions and criteria:

1. The TFM reform was driven by effective governance arrangements.
 - a) The TFM Implementation Board and Stronger Communities Investment Unit (SCIU) had the capability, capacity and 'authorising environment' to deliver the government's reform agenda.
 - b) TFM governance arrangements reflected good practice, with clear roles and responsibilities and effective processes for decision making.
 - c) TFM governance arrangements included appropriate powers and controls to govern cross-agency decisions to direct funding to evidence-based supports.
2. The TFM reform was supported by effective cross-agency collaboration.
 - a) TFM governance and funding arrangements supported cross-agency collaboration and shared decision making.
 - b) The Stronger Communities Investment Unit identified and supported the contribution of each partner agency; and had strategies to address factors that prevent cross-agency collaboration.
 - c) TFM facilitated effective collaboration between agencies to develop the evidence base, and to agree options for re-prioritisation and investment.
3. The TFM reform has generated an evidence base to inform a cross-agency investment approach in the future.
 - a) TFM had measures, data, monitoring, evaluation and reporting that will effectively and accurately demonstrate the achievement of expected outcomes.
 - b) The Stronger Communities Investment Unit engaged with partner agencies and service providers regarding data on evidence-based practice.
 - c) TFM had a sound methodology for reviewing programs to inform expansion, re-prioritisation or new investment based on outcomes evidence; and this is applied in practice.

Audit scope and focus

In assessing the criteria, we checked the following aspects:

1. the governance arrangements of the reform, including:
 - a) the TFM Implementation Board
 - b) the Executive Director and Chief Financial Officer Working Group
 - c) any other working group or sub-committee
 - d) the joint funding pool
2. previous reviews or evaluations of the reform, its pilot programs and agency programs to support vulnerable children and families
3. how TFM is building its evidence base and using it to invest in evidence-based early intervention programs.

Audit exclusions

The audit did not assess the:

- planning, funding, performance and outcomes of agency programs
- merits of government policy.

Audit approach

Our procedures included:

1. Interviewing:
 - members of the TFM Implementation Board and any working groups to support the reform
 - staff from the Stronger Communities Investment Unit
 - staff from partnering agencies, external service providers, funded services sector organisations and peak bodies and advocates for vulnerable children and families.
2. Examining:
 - relevant Cabinet material on the establishment and development of the TFM reform
 - strategies and initiatives relating to the TFM reform
 - charters, relevant papers and minutes for the TFM Implementation Board and any other working group formed to assist with the implementation of the reform
 - previous reviews of TFM's governance, and any actions taken to address all relevant recommendations
 - terms of reference for any anticipated reviews relating to the TFM reform
 - plans for any TFM approved pilot projects
 - TFM's framework for conducting outcomes-based evaluations of its pilot programs
 - any evaluations or progress reports from TFM's pilot programs
 - the evaluation framework used to assess programs identified for the TFM funding pool
 - documentation relating to evaluation and evidence base approach for selecting and prioritising investment
 - decision papers relating to the re-prioritisation of funding.
3. Analysing:
 - data collated to support the establishment, and scale up, of pilot programs
 - data collated to support the contributions and distribution of the funding pool.

The audit approach was complemented by quality assurance processes within the Audit Office to ensure compliance with professional standards.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standard ASAE 3500 Performance Engagements and other professional standards. The standards require the audit team to comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance and draw a conclusion on the audit objective. Our processes have also been designed to comply with requirements specified in the *Public Finance and Audit Act 1983* and the *Local Government Act 1993*.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the Department of Communities and Justice throughout the audit. We would also like to thank staff at relevant partner agencies and other stakeholders who met with us to discuss the audit.

Audit cost

The estimated cost of this audit including overheads is \$410,000.

Appendix six – Performance auditing

What are performance audits?

Performance audits determine whether State or local government entities carry out their activities effectively, and do so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of an audited entity, or more than one entity. They can also consider particular issues which affect the whole public sector and/or the whole local government sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in section 38B of the *Public Finance and Audit Act 1983* for State government entities, and in section 421D of the *Local Government Act 1993* for local government entities.

Why do we conduct performance audits?

Performance audits provide independent assurance to the NSW Parliament and the public.

Through their recommendations, performance audits seek to improve the value for money the community receives from government services.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, State and local government entities, other interested stakeholders and Audit Office research.

How are performance audits selected?

When selecting and scoping topics, we aim to choose topics that reflect the interests of parliament in holding the government to account. Performance audits are selected at the discretion of the Auditor-General based on our own research, suggestions from the public, and consultation with parliamentarians, agency heads and key government stakeholders. Our three-year performance audit program is published on the website and is reviewed annually to ensure it continues to address significant issues of interest to parliament, aligns with government priorities, and reflects contemporary thinking on public sector management. Our program is sufficiently flexible to allow us to respond readily to any emerging issues.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team develops an understanding of the audit topic and responsible entities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the audited entity, program or activities are assessed. Criteria may be based on relevant legislation, internal policies and procedures, industry standards, best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork, the audit team meets with management representatives to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with management representatives to check that facts presented in the draft report are accurate and to seek input in developing practical recommendations on areas of improvement.

A final report is then provided to the head of the audited entity who is invited to formally respond to the report. The report presented to the NSW Parliament includes any response from the head of the audited entity. The relevant minister and the Treasurer are also provided with a copy of the final report. In performance audits that involve multiple entities, there may be responses from more than one audited entity or from a nominated coordinating entity.

Who checks to see if recommendations have been implemented?

After the report is presented to the NSW Parliament, it is usual for the entity's audit committee to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report received by the NSW Parliament. These reports are available on the NSW Parliament website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

The Public Accounts Committee appoints an independent reviewer to report on compliance with auditing practices and standards every four years. The reviewer's report is presented to the NSW Parliament and available on its website.

Periodic peer reviews by other Audit Offices test our activities against relevant standards and better practice.

Each audit is subject to internal review prior to its release.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100.

OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

OUR PURPOSE

To help parliament hold government accountable for its use of public resources.

OUR VALUES

Pride in purpose

Curious and open-minded

Valuing people

Contagious integrity

Courage (even when it's uncomfortable)

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