



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Memo

To: Mark Henderson, General Manager Safe Strong Families and Communities
Sarah Eames, Manager Operational Policy and Planning

From: [REDACTED], Senior Analyst, Operational Policy and Planning
[REDACTED], Analyst, Operational Policy and Planning

Date: 08 October 2020

Security level: IN CONFIDENCE

Approach to evaluation of Building Financial Capability services

Action: For Approval 10 October 2020

Purpose

This memo provides an overview of the evaluation of Building Financial Capability (BFC) services undertaken by Malatest International and the issues we have identified with the current approach within the context of Budget 2020. We seek your agreement to end the evaluation early. The evaluation runs until July 2022.

Background

In August 2017, MSD contracted Malatest International to conduct a five-year BFC evaluation, which will run until July 2022. The evaluation is a partnership between MSD, FinCap, the BFC provider sector, and Malatest. There are four programmes of work that have been planned across the five-year period. See appendix 1 for further detail.

We have identified issues with the current evaluation

As part of the annual review of the evaluation plan MSD has been assessing the fit of the existing evaluation within the context of Budget 2020 and the BFC commissioning strategy. This process has highlighted an opportunity to change the scope and improve the evaluation.

This process has also highlighted various issues with the current evaluation approach:

- The upcoming changes to services that will take place from 2020 onwards mean that an outcomes evaluation of Budget 2016 funding, currently planned for 2022, will not be practical. The additional funding through Budget 2020 means that the outcomes achieved in 2022 will no longer be directly related or attributable to Budget 2016 funding.
- The evaluation reports delivered by Malatest International so far have not provided the level of analysis we had expected to see. This raises concerns about the ability of Malatest International to deliver the outputs remaining on their current contract.
- In the BFC sector about 70% of providers use FinCap's Client Voices database for client management software, which is currently undergoing a significant upgrade. Ongoing delays to roll-out of Client Voices database 2.0 are impacting several aspects of the Malatest BFC evaluation, most significantly the impact evaluation and production of provider dashboards.
- The methods originally proposed for evaluating outcomes will not be possible due to a lack of accessible data and a lack of valid outcomes measures for establishing the Social Return on Investment.
- The current evaluation plan involves multiple interviews with service providers and clients. There is a risk that these interviews focused on evaluating past performance would be a burden to service providers, particularly at a time when the Ministry will be engaging with them regularly for planning future service improvements. We need to prioritise the focus of our provider engagement, so we maintain and strengthen their trust and confidence.

In March 2020 MSD advised Malatest to put the evaluation work on hold

In March 2020, all ongoing sector engagement as part of the evaluation was placed on hold at the announcement of Alert Level 4 of the COVID-19 pandemic. In June 2020, the annual workforce survey was reinitiated and a report is due end of August 2020. We have also received the first draft of the annual interim update report at the end of July. MSD requested that other activities remain on hold while we assessed the impact of the BFC commissioning plan and Budget 2020 money on the sector.

Recommended approach to terminate the contract early

We recommend terminating the evaluation early. This plan for early termination has been developed in consultation with the Research and Evaluation team who endorse the approach laid out here.

Advice has been sought from the procurement team, who confirm that the contract with Malatest International can be terminated without jeopardy. Termination, section 14.1(a) of the Consultancy Services order (CSO) states that the MSD may terminate the contract for convenience by giving the provider at least one month's prior written notice.

Termination of the contract will allow MSD to divert funding and resources to plan a revised evaluation of BFC services better tailored to the current economic and commissioning environment. The future evaluation must be flexible and considerate of the expected changes to service delivery as a result of the implementation of the Budget 2020 and CRRF funding. Quality evaluation and demonstrated impact will be crucial to demonstrating the effectiveness of a better funded BFC sector.

There is a risk that in terminating the contract early, it may not be possible to distinguish the impact of Budget 2016 separately from Budget 2020. The work that has been done to

date by Malatest will not be lost and MSD will be able to use the findings to inform further evaluation.

We recommend immediate termination

While the evaluation programme was placed on hold due to covid in March 2020 two activities were reinitiated in June:

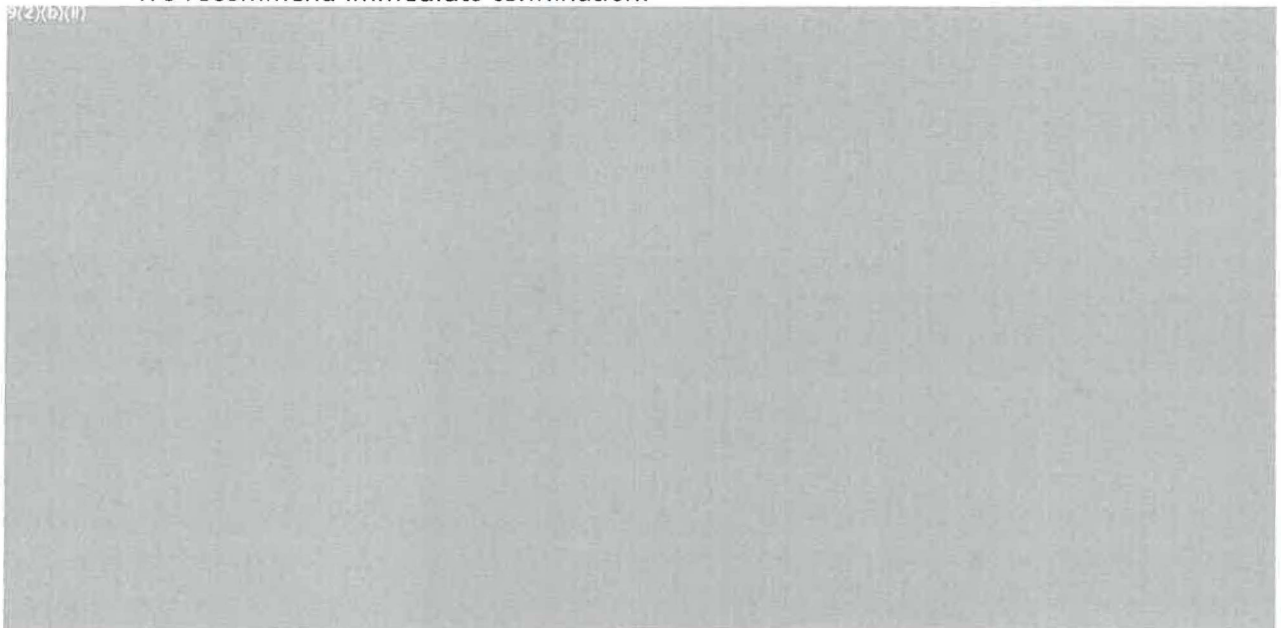
- Workforce survey – Received 18 September 2020.
- Interim findings annual update report – Received 4 August 2020.

MSD is required to give Malatest a one month notice period (section 14.1 of the CSO) before the contract can be terminated.

The communications approach outlined below should best mitigate any relationship tensions due to contract termination and allow for a civil termination process.

Recommendation

We recommend immediate termination.



Privacy, ethics and provider relationship considerations

MSD owns all data and intellectual property arising from research conducted on our behalf thus far. However consideration needs to be given to protecting privacy obligations towards research participants especially if interview notes or transcripts are shared to MSD.

All IP including the research completed by Malatest so far must be handed over to MSD within five days of the contract ending as noted in the CSO section 14.2(c).

The Privacy and, Research and Evaluation teams have been consulted and endorsed this proposed approach, A plan has been developed to safeguard the privacy and safety of research participants while retaining access to information produced. MSD's Research and Evaluation team will hold onto the data transferred by Malatest until an alternative plan for the evaluation of BFC has been developed. This plan will be presented to you in a memo in early December 2020.

The MSD expert ethicist Tim Dare has provided advice on this contract termination and recommends that the research information can be held by MSD without need for anonymisation. He advises that the interest of service providers and clients is best met

by doing so. This minimises research wastage and the need for repetition of information collection from clients and providers in the future.

There is a possibility that MSD could be asked to pay for the cost of anonymisation. If this is required, then we will require that Malatest provide a quotation of the cost of work for MSD to approve before undertaking the work.

Recommendation

As part of contract termination MSD request interview transcripts and all other data thus far collected about individuals or service providers and be placed in the trust of the research and evaluation team at insights MSD.

Communication approach

FinCap, Malatest and the BFC sector are partners in the BFC evaluation. Pending your approval to terminate the contract, we will implement the communication approach for each research partner as outlined below.

This approach has been developed in consultation with SSFC Comms Advisor.

FinCap

Operating a 'no surprises' policy, we will work in confidence with FinCap as a partner in the BFC Evaluation to draft our contract termination letter to Malatest.

FinCap have supported the need to reassess this evaluation and we expect they will support our decision. By involving FinCap in reviewing our contract termination letter, we can work to align views as needed.

Malatest

We will communicate with Malatest face-to-face and explain that as a result of reflecting on and assessing how best to distribute the Budget 2020 and CRRF funding, the remaining two years of the evaluation contract is no longer feasible. The face-to-face conversation will then be followed up with a formal letter to reinforce and document the rationale and reaffirm what was discussed. We suggest Malatest is given at least one week to process this change before we start discussions on timeframes for the remaining deliverables and how best to manage the IP handover.

Given the evaluation is already on hold, it is unlikely Malatest International will need any further contact with service providers once we have given them notice. This mitigates any concern about the burden of evaluation for providers now the Ministry is focusing on engaging with providers for service design purposes.

The BFC Sector

We'll update the sector that the contract has ended via the BFC newsletter. The sector has received communication about the plan to work with FinCap and the sector on how best to distribute the additional funding from the CRRF. The context that the evaluation purpose and scope is therefore being re-considered and re-assessed should make sense. High-level messaging to inform this update, and questions and answers have been prepared (appendix 2).

Recommendation

Malatest be advised of contract termination face-to-face and this followed up with formal letter.

Elements across the programmes of work to be resolved

This section outlines the recommended actions for outstanding components of the evaluation.

COMT Outcome tool

MSD has recently conducted an independent report on the Capability, Opportunity and Motivation tool (COMT) tool used by Financial Mentoring, Money Mates and BFC plus to measure the effectiveness of services for client. This report was commissioned because of concerns raised about the validity of the tool for establishing a social return on investment/return on investment as part of the impact evaluation.

The report found that the internal and external validity of COMT has not been established, that it cannot be used to underpin an impact evaluation as proposed by Malatest and that the tool needs to be revised to be fit for purpose.

Provider Results Dashboards

As part of the evaluation Malatest have developed opt-in Provider Results Dashboards for around 50 BFC providers. The purpose of the dashboards is to support MSD, FinCap and providers to make regular use of insights to understand, learn, share and communicate.

The dashboard project is currently on hold while the upgraded Client Voices database is rolled out.

The BFC team are working with Fincap and MSD's planning and analysis team who have dashboarding expertise to develop a plan for future dashboards.

Recommendation

BFC dashboard production be removed from scope of evaluation.

The Generator

MSD has committed to The Generator a total of 9(2)(b)(ii) over a five-year contract beginning in F19.

In March 2020, MSD received a draft of the first evaluation report for The Generator which focused on whether the model of working has been effective. Review of this report found the quality of research, analysis and writing to be poor. Little consideration had been given to answering the detailed research questions developed by MSD and factual errors about The Generator were noted.

MSD has not provided feedback to Malatest on this report. MSD have shared this report with the Generator team seeking their feedback. We recommend that there be no further interaction with Malatest around the first generator evaluation report or feedback about its quality as performance is not the reason for contract termination.

A second report was planned for February 2021 with focus on whether the Generator is effective in delivering outcomes. Terminating the contract early would mean this report would not be delivered.

MSD will receive all prior research when the IP is received from Malatest post termination and will be able to plan a new evaluation.

Workforce Survey

A second BFC workforce survey conducted by Malatest as part of the planned evaluation is currently in final stages. The report was received 17 September 2020. A third and final

workforce survey should be conducted in 2021. MSD owns the IP to the survey questionnaire and 2019 and 2020 survey findings. A workforce survey will be included in the revised plan for the evaluation of BFC.

Impact evaluation

Malatest has provided a method-focused evaluation plan for the outcomes/impact evaluation and social return on investment (SROI) analysis for the Financial Mentoring, BFC Plus and Money Mates services.

This plan has been reviewed by MSD experts and found to have significant weaknesses that mean it is unlikely to be able to deliver what is required.

Final evaluation

The draft final overall evaluation report was to be produced in November 2021 and the final version in April 2022.

Given delays to client voices upgrade, the Covid-19 pandemic and the impact of Budget 20 on the BFC work programme it is unlikely that this timeline is now fit for purpose.

Next steps

The BFC services team alongside the operational policy and planning team will work to improve COMT outside of the scope of the evaluation. However, this is one aspect of a wider piece of data quality and measurement work within the BFC sector that needs to commence before a valid and comprehensive evaluation will be possible.

The revised research and evaluation work programme for Building Financial Capability will be presented to you in December 2020; and will be communicated to the Minister of Social Development after an approach has been agreed.

Recommendations

We recommend you:

1. **Note** the issues with the current evaluation of BFC services provided by Malatest.
2. **Agree** to the immediate termination of the Malatest contract with a 30-day notice period and delivery of the outstanding deliverables during the notice period. **Yes/No**

*If **Recommendation 2** agreed,*
3. **Agree** to MSD requesting as part of contract termination interview transcripts and all other data thus far collected and placed in the trust of the research and evaluation team at insights MSD. **Yes/No**
4. **Note** that there is a chance that MSD will be asked to pay for the cost of anonymisation
5. **Agree** to the outlined communication approach. Malatest be advised of contract termination face-to-face and this followed up with formal letter. **Yes/No**
6. **Note** that the BFC services team are working to improve or replace COMT as a prerequisite of an effective outcomes evaluation.
7. **Agree** that BFC dashboard production will be removed from scope of evaluation and that Fincap, MSD's BFC team and the BFC provider sector will come to an agreement around who will produce dashboards for what end. **Yes/No**
8. **Note** that a revised research and evaluation work programme for Building Financial Capability will be presented to you in early November 2020 including plans for the generator evaluation, impact evaluation and workforce survey.

Mark Henderson
General Manager SSFC

Date

Appendix One: Evaluation overview

There were four programmes of work planned across the five-year period 2017-2022.

The four strands of the evaluation were:

1. Overall evaluation
2. Results Dashboards
3. Outcomes and impact evaluation
4. BFC initiatives

The purpose of the evaluation was to walk alongside the BFC sector, supporting the continuous improvement of services to build the financial capability and resilience of people experiencing financial hardship, and to assess the effectiveness and impact of BFC services. It had four main objectives:

- **Targeting:** Assess the extent of how well BFC services are targeted to building the financial capability and resilience of the New Zealanders experiencing the highest levels of hardship.
- **Client experience:** Explore how well BFC services are working for those receiving the services and what improvements are needed.
- **Effectiveness:** Examine the effectiveness of the BFC services in building the financial capability and resilience of New Zealanders experiencing hardship.
- **Impact and return on investment:** Review the long-term impact and return on investment of BFC services for New Zealanders experiencing hardship.

Appendix 2: Key messages for BFC sector

- As a result of significantly increased funding in Budget 2020, MSD will be engaging with our partners FinCap, BFC providers and other stakeholders to understand the best future path for the BFC.
- That includes developing a BFC Commissioning Strategy that sets out the pathway for long-term, viable BFC services that are easily accessible for those individuals and families/whānau who most need them.
- Given the need for us to engage widely with the sector to design the new service direction, we've decided to end the current BFC evaluation programme being delivered by Malatest.
- A smaller consideration in our decision was that about 70% of providers use FinCap's Client Voices database for client management software and this is undergoing a significant upgrade. Ongoing delays to the roll-out of Client Voices database 2.0 have been impacting several aspects of the current BFC evaluation.
- The evaluation work to date, including recent reports, has allowed MSD to reassess the next steps of the evaluation. Malatest are working with us to carefully transition all work in progress in preparation for our next evaluation steps — once these are clearer.
- Evaluation will be an integral part of the BFC Commissioning Strategy.
- We're committed to working with FinCap and our other sector partners to make the most of Government's evaluation investment in the sector, for the benefit of the people who need our support.

Appendix 3: Q&A about the upcoming evaluation changes

What is the evaluation of BFC?

- In 2017, the Ministry of Social Development (MSD) contracted Malatest International to conduct a five-year BFC evaluation programme. The evaluation is a partnership between MSD, FinCap, the BFC sector and Malatest. The purpose of the evaluation was to walk alongside the BFC sector to support continuous improvement of services and assess the effectiveness and impact of BFC services.
- The contract is ending early because MSD has identified an alternative set of evaluation priorities due to the funding received through Budget 2020 and through the COVID-10 Response and Recovery Fund (CRRF) and the BFC Commissioning Strategy. MSD will work with Fincap and the BFC sector over the next six months to develop an alternative evaluation plan that takes these changes into account.

Why was there a need to reassess the evaluation?

There are two main factors that have influenced MSD's decision to pause the evaluation and reassess its purpose.

Budget 2020 and Covid Response and Recovery Fund (CRRF)

The upcoming changes to services that will take place from F2020 onwards and the short-term funding arising from the CRRF mean that an outcomes evaluation of Budget 2016 funding, currently planned for delivery in 2022 is no longer practical. The Ministry and FinCap will be in contact with you over the coming months to talk about what will replace the current evaluation and how we will ensure that learnings from the evaluation continue to be integrated into our work together.

Ministry of Social Development (MSD) has been appropriated \$9.700 million over four years (\$2.425 million per annum) through Budget 2020 to address cost pressures on BFC services.

In addition to cost pressure funding, MSD has also been appropriated \$25.212 million over two years (2020/21 and 2021/22) through the CRRF to improve the sustainability of BFC services and respond to increased demand.

Future evaluation work will need to incorporate the intent and integration of this additional spend.

BFC Commissioning Strategy

Since 2016, BFC services have intended to transform the sector from traditional budgeting to a strengths-based and client-led service model focusing on financial skills and mentoring. To set an overall service model that best responds to the needs of people, whānau and community, MSD contracted Fernhill to develop a commissioning approach for BFC services. This strategy is due to be completed by 30 September 2020.

Delivery of the Commissioning Strategy relies on building partnerships, engaging workforce, and delivering an evidence-based design to place financial wellbeing at the centre of government, industry and non-for-profit initiatives. The impacts of COVID-19 are also being added to the scope of the work in this phase.

As part of the BFC Commissioning Strategy and planning for Budget 2020, MSD has reassessed the scope and purpose of the evaluative needs of BFC.

What will happen with the results of the evaluation from the first three years?

In August 2020, the annual findings update report was produced as one of the last pieces of work from the evaluation by Malatest. These findings will be shared with the sector and any learnings will be used and incorporated into BFC work within MSD. The BFC service design team will continue to draw on and make available to sector evaluation products already produced by Malatest.

What will happen with the information collected by Malatest?

The information collected to date will be transferred to MSD to store while decisions around the future of the BFC evaluation are made.

How will participant privacy be ensured?

Measures have been taken to preserve participant privacy and ensure that teams who make funding decisions for the services that interview subjects work, are unable to access the evaluation materials.

MSD consulted the Privacy and Information Security experts who recommended that the Research and Evaluation team, an independent unit within MSD, will store all raw data and potentially sensitive material until a new evaluation plan is developed. This ensures that the expectation of privacy for all research participants is upheld.

What will replace the current evaluation of BFC?

We will come back to you with a plan for the future evaluation of BFC services early in 2021 once the impact of the BFC Commissioning Strategy and Budget 20 investment in the sector are better understood.



**MINISTRY OF SOCIAL
DEVELOPMENT**
TE MANATŪ WHAKAHIATO ORA

Memo

To: Mark Henderson, General Manager Safe Strong Families and Communities
Sarah Eames, Manager Operational Policy and Planning

From: [REDACTED], Senior Analyst, Operational Policy and Planning
[REDACTED], Analyst, Operational Policy and Planning

Date: 08 October 2020

Security level: IN CONFIDENCE

Approach to evaluation of Building Financial Capability services

Action: For Approval 10 October 2020

Purpose

This memo provides an overview of the evaluation of Building Financial Capability (BFC) services undertaken by Malatest International and the issues we have identified with the current approach within the context of Budget 2020. We seek your agreement to end the evaluation early. The evaluation runs until July 2022.

Background

In August 2017, MSD contracted Malatest International to conduct a five-year BFC evaluation, which will run until July 2022. The evaluation is a partnership between MSD, FinCap, the BFC provider sector, and Malatest. There are four programmes of work that have been planned across the five-year period. See appendix 1 for further detail.

We have identified issues with the current evaluation

As part of the annual review of the evaluation plan MSD has been assessing the fit of the existing evaluation within the context of Budget 2020 and the BFC commissioning strategy. This process has highlighted an opportunity to change the scope and improve the evaluation.

This process has also highlighted various issues with the current evaluation approach:

- The upcoming changes to services that will take place from 2020 onwards mean that an outcomes evaluation of Budget 2016 funding, currently planned for 2022, will not be practical. The additional funding through Budget 2020 means that the outcomes achieved in 2022 will no longer be directly related or attributable to Budget 2016 funding.
- The evaluation reports delivered by Malatest International so far have not provided the level of analysis we had expected to see. This raises concerns about the ability of Malatest International to deliver the outputs remaining on their current contract.
- In the BFC sector about 70% of providers use FinCap's Client Voices database for client management software, which is currently undergoing a significant upgrade. Ongoing delays to roll-out of Client Voices database 2.0 are impacting several aspects of the Malatest BFC evaluation, most significantly the impact evaluation and production of provider dashboards.
- The methods originally proposed for evaluating outcomes will not be possible due to a lack of accessible data and a lack of valid outcomes measures for establishing the Social Return on Investment.
- The current evaluation plan involves multiple interviews with service providers and clients. There is a risk that these interviews focused on evaluating past performance would be a burden to service providers, particularly at a time when the Ministry will be engaging with them regularly for planning future service improvements. We need to prioritise the focus of our provider engagement, so we maintain and strengthen their trust and confidence.

In March 2020 MSD advised Malatest to put the evaluation work on hold

In March 2020, all ongoing sector engagement as part of the evaluation was placed on hold at the announcement of Alert Level 4 of the COVID-19 pandemic. In June 2020, the annual workforce survey was reinitiated and a report is due end of August 2020. We have also received the first draft of the annual interim update report at the end of July. MSD requested that other activities remain on hold while we assessed the impact of the BFC commissioning plan and Budget 2020 money on the sector.

Recommended approach to terminate the contract early

We recommend terminating the evaluation early. This plan for early termination has been developed in consultation with the Research and Evaluation team who endorse the approach laid out here.

Advice has been sought from the procurement team, who confirm that the contract with Malatest International can be terminated without jeopardy. Termination, section 14.1(a) of the Consultancy Services order (CSO) states that the MSD may terminate the contract for convenience by giving the provider at least one month's prior written notice.

Termination of the contract will allow MSD to divert funding and resources to plan a revised evaluation of BFC services better tailored to the current economic and commissioning environment. The future evaluation must be flexible and considerate of the expected changes to service delivery as a result of the implementation of the Budget 2020 and CRRF funding. Quality evaluation and demonstrated impact will be crucial to demonstrating the effectiveness of a better funded BFC sector.

There is a risk that in terminating the contract early, it may not be possible to distinguish the impact of Budget 2016 separately from Budget 2020. The work that has been done to

date by Malatest will not be lost and MSD will be able to use the findings to inform further evaluation.

We recommend immediate termination

While the evaluation programme was placed on hold due to covid in March 2020 two activities were reinitiated in June:

- Workforce survey – Received 18 September 2020.
- Interim findings annual update report – Received 4 August 2020.

MSD is required to give Malatest a one month notice period (section 14.1 of the CSO) before the contract can be terminated.

The communications approach outlined below should best mitigate any relationship tensions due to contract termination and allow for a civil termination process.

Recommendation

We recommend immediate termination.

9(2)(b)(ii)

Privacy, ethics and provider relationship considerations

MSD owns all data and intellectual property arising from research conducted on our behalf thus far. However consideration needs to be given to protecting privacy obligations towards research participants especially if interview notes or transcripts are shared to MSD.

All IP including the research completed by Malatest so far must be handed over to MSD within five days of the contract ending as noted in the CSO section 14.2(c).

The Privacy and, Research and Evaluation teams have been consulted and endorsed this proposed approach, A plan has been developed to safeguard the privacy and safety of research participants while retaining access to information produced. MSD's Research and Evaluation team will hold onto the data transferred by Malatest until an alternative plan for the evaluation of BFC has been developed. This plan will be presented to you in a memo in early December 2020.

The MSD expert ethicist Tim Dare has provided advice on this contract termination and recommends that the research information can be held by MSD without need for anonymisation. He advises that the interest of service providers and clients is best met

by doing so. This minimises research wastage and the need for repetition of information collection from clients and providers in the future.

There is a possibility that MSD could be asked to pay for the cost of anonymisation. If this is required, then we will require that Malatest provide a quotation of the cost of work for MSD to approve before undertaking the work.

Recommendation

As part of contract termination MSD request interview transcripts and all other data thus far collected about individuals or service providers and be placed in the trust of the research and evaluation team at insights MSD.

Communication approach

FinCap, Malatest and the BFC sector are partners in the BFC evaluation. Pending your approval to terminate the contract, we will implement the communication approach for each research partner as outlined below.

This approach has been developed in consultation with SSFC Comms Advisor.

FinCap

Operating a 'no surprises' policy, we will work in confidence with FinCap as a partner in the BFC Evaluation to draft our contract termination letter to Malatest.

FinCap have supported the need to reassess this evaluation and we expect they will support our decision. By involving FinCap in reviewing our contract termination letter, we can work to align views as needed.

Malatest

We will communicate with Malatest face-to-face and explain that as a result of reflecting on and assessing how best to distribute the Budget 2020 and CRRF funding, the remaining two years of the evaluation contract is no longer feasible. The face-to-face conversation will then be followed up with a formal letter to reinforce and document the rationale and reaffirm what was discussed. We suggest Malatest is given at least one week to process this change before we start discussions on timeframes for the remaining deliverables and how best to manage the IP handover.

Given the evaluation is already on hold, it is unlikely Malatest International will need any further contact with service providers once we have given them notice. This mitigates any concern about the burden of evaluation for providers now the Ministry is focusing on engaging with providers for service design purposes.

The BFC Sector

We'll update the sector that the contract has ended via the BFC newsletter. The sector has received communication about the plan to work with FinCap and the sector on how best to distribute the additional funding from the CRRF. The context that the evaluation purpose and scope is therefore being re-considered and re-assessed should make sense. High-level messaging to inform this update, and questions and answers have been prepared (appendix 2).

Recommendation

Malatest be advised of contract termination face-to-face and this followed up with formal letter.

Elements across the programmes of work to be resolved

This section outlines the recommended actions for outstanding components of the evaluation.

COMT Outcome tool

MSD has recently conducted an independent report on the Capability, Opportunity and Motivation tool (COMT) tool used by Financial Mentoring, Money Mates and BFC plus to measure the effectiveness of services for client. This report was commissioned because of concerns raised about the validity of the tool for establishing a social return on investment/return on investment as part of the impact evaluation.

The report found that the internal and external validity of COMT has not been established, that it cannot be used to underpin an impact evaluation as proposed by Malatest and that the tool needs to be revised to be fit for purpose.

Provider Results Dashboards

As part of the evaluation Malatest have developed opt-in Provider Results Dashboards for around 50 BFC providers. The purpose of the dashboards is to support MSD, FinCap and providers to make regular use of insights to understand, learn, share and communicate.

The dashboard project is currently on hold while the upgraded Client Voices database is rolled out.

The BFC team are working with Fincap and MSD's planning and analysis team who have dashboarding expertise to develop a plan for future dashboards.

Recommendation

BFC dashboard production be removed from scope of evaluation.

The Generator

MSD has committed to The Generator a total of §(2)(b)(ii) over a five-year contract beginning in F19.

In March 2020, MSD received a draft of the first evaluation report for The Generator which focused on whether the model of working has been effective. Review of this report found the quality of research, analysis and writing to be poor. Little consideration had been given to answering the detailed research questions developed by MSD and factual errors about The Generator were noted.

MSD has not provided feedback to Malatest on this report. MSD have shared this report with the Generator team seeking their feedback. We recommend that there be no further interaction with Malatest around the first generator evaluation report or feedback about its quality as performance is not the reason for contract termination.

A second report was planned for February 2021 with focus on whether the Generator is effective in delivering outcomes. Terminating the contract early would mean this report would not be delivered.

MSD will receive all prior research when the IP is received from Malatest post termination and will be able to plan a new evaluation.

Workforce Survey

A second BFC workforce survey conducted by Malatest as part of the planned evaluation is currently in final stages. The report was received 17 September 2020. A third and final

workforce survey should be conducted in 2021. MSD owns the IP to the survey questionnaire and 2019 and 2020 survey findings. A workforce survey will be included in the revised plan for the evaluation of BFC.

Impact evaluation

Malatest has provided a method-focused evaluation plan for the outcomes/impact evaluation and social return on investment (SROI) analysis for the Financial Mentoring, BFC Plus and Money Mates services.

This plan has been reviewed by MSD experts and found to have significant weaknesses that mean it is unlikely to be able to deliver what is required.

Final evaluation

The draft final overall evaluation report was to be produced in November 2021 and the final version in April 2022.

Given delays to client voices upgrade, the Covid-19 pandemic and the impact of Budget 20 on the BFC work programme it is unlikely that this timeline is now fit for purpose.

Next steps

The BFC services team alongside the operational policy and planning team will work to improve COMT outside of the scope of the evaluation. However, this is one aspect of a wider piece of data quality and measurement work within the BFC sector that needs to commence before a valid and comprehensive evaluation will be possible.

The revised research and evaluation work programme for Building Financial Capability will be presented to you in December 2020; and will be communicated to the Minister of Social Development after an approach has been agreed.

Recommendations

We recommend you:

1. **Note** the issues with the current evaluation of BFC services provided by Malatest.
2. **Agree** to the immediate termination of the Malatest contract with a 30-day notice period and delivery of the outstanding deliverables during the notice period. **Yes/No**

*If **Recommendation 2** agreed,*
3. **Agree** to MSD requesting as part of contract termination interview transcripts and all other data thus far collected and placed in the trust of the research and evaluation team at insights MSD. **Yes/No**
4. **Note** that there is a chance that MSD will be asked to pay for the cost of anonymisation
5. **Agree** to the outlined communication approach. Malatest be advised of contract termination face-to-face and this followed up with formal letter. **Yes/No**
6. **Note** that the BFC services team are working to improve or replace COMT as a prerequisite of an effective outcomes evaluation.
7. **Agree** that BFC dashboard production will be removed from scope of evaluation and that Fincap, MSD's BFC team and the BFC provider sector will come to an agreement around who will produce dashboards for what end. **Yes/No**
8. **Note** that a revised research and evaluation work programme for Building Financial Capability will be presented to you in early November 2020 including plans for the generator evaluation, impact evaluation and workforce survey.

Mark Henderson
General Manager SSFC

Date

Appendix One: Evaluation overview

There were four programmes of work planned across the five-year period 2017-2022.

The four strands of the evaluation were:

1. Overall evaluation
2. Results Dashboards
3. Outcomes and impact evaluation
4. BFC initiatives

The purpose of the evaluation was to walk alongside the BFC sector, supporting the continuous improvement of services to build the financial capability and resilience of people experiencing financial hardship, and to assess the effectiveness and impact of BFC services. It had four main objectives:

- **Targeting:** Assess the extent of how well BFC services are targeted to building the financial capability and resilience of the New Zealanders experiencing the highest levels of hardship.
- **Client experience:** Explore how well BFC services are working for those receiving the services and what improvements are needed.
- **Effectiveness:** Examine the effectiveness of the BFC services in building the financial capability and resilience of New Zealanders experiencing hardship.
- **Impact and return on investment:** Review the long-term impact and return on investment of BFC services for New Zealanders experiencing hardship.

Appendix 2: Key messages for BFC sector

- As a result of significantly increased funding in Budget 2020, MSD will be engaging with our partners FinCap, BFC providers and other stakeholders to understand the best future path for the BFC.
- That includes developing a BFC Commissioning Strategy that sets out the pathway for long-term, viable BFC services that are easily accessible for those individuals and families/whānau who most need them.
- Given the need for us to engage widely with the sector to design the new service direction, we've decided to end the current BFC evaluation programme being delivered by Malatest.
- A smaller consideration in our decision was that about 70% of providers use FinCap's Client Voices database for client management software and this is undergoing a significant upgrade. Ongoing delays to the roll-out of Client Voices database 2.0 have been impacting several aspects of the current BFC evaluation.
- The evaluation work to date, including recent reports, has allowed MSD to reassess the next steps of the evaluation. Malatest are working with us to carefully transition all work in progress in preparation for our next evaluation steps — once these are clearer.
- Evaluation will be an integral part of the BFC Commissioning Strategy.
- We're committed to working with FinCap and our other sector partners to make the most of Government's evaluation investment in the sector, for the benefit of the people who need our support.

Appendix 3: Q&A about the upcoming evaluation changes

What is the evaluation of BFC?

- In 2017, the Ministry of Social Development (MSD) contracted Malatest International to conduct a five-year BFC evaluation programme. The evaluation is a partnership between MSD, FinCap, the BFC sector and Malatest. The purpose of the evaluation was to walk alongside the BFC sector to support continuous improvement of services and assess the effectiveness and impact of BFC services.
- The contract is ending early because MSD has identified an alternative set of evaluation priorities due to the funding received through Budget 2020 and through the COVID-10 Response and Recovery Fund (CRRF) and the BFC Commissioning Strategy. MSD will work with FinCap and the BFC sector over the next six months to develop an alternative evaluation plan that takes these changes into account.

Why was there a need to reassess the evaluation?

There are two main factors that have influenced MSD's decision to pause the evaluation and reassess its purpose.

Budget 2020 and Covid Response and Recovery Fund (CRRF)

The upcoming changes to services that will take place from F2020 onwards and the short-term funding arising from the CRRF mean that an outcomes evaluation of Budget 2016 funding, currently planned for delivery in 2022 is no longer practical. The Ministry and FinCap will be in contact with you over the coming months to talk about what will replace the current evaluation and how we will ensure that learnings from the evaluation continue to be integrated into our work together.

Ministry of Social Development (MSD) has been appropriated \$9.700 million over four years (\$2.425 million per annum) through Budget 2020 to address cost pressures on BFC services.

In addition to cost pressure funding, MSD has also been appropriated \$25.212 million over two years (2020/21 and 2021/22) through the CRRF to improve the sustainability of BFC services and respond to increased demand.

Future evaluation work will need to incorporate the intent and integration of this additional spend.

BFC Commissioning Strategy

Since 2016, BFC services have intended to transform the sector from traditional budgeting to a strengths-based and client-led service model focusing on financial skills and mentoring. To set an overall service model that best responds to the needs of people, whānau and community, MSD contracted Fernhill to develop a commissioning approach for BFC services. This strategy is due to be completed by 30 September 2020.

Delivery of the Commissioning Strategy relies on building partnerships, engaging workforce, and delivering an evidence-based design to place financial wellbeing at the centre of government, industry and non-for-profit initiatives. The impacts of COVID-19 are also being added to the scope of the work in this phase.

As part of the BFC Commissioning Strategy and planning for Budget 2020, MSD has reassessed the scope and purpose of the evaluative needs of BFC.

What will happen with the results of the evaluation from the first three years?

In August 2020, the annual findings update report was produced as one of the last pieces of work from the evaluation by Malatest. These findings will be shared with the sector and any learnings will be used and incorporated into BFC work within MSD. The BFC service design team will continue to draw on and make available to sector evaluation products already produced by Malatest.

What will happen with the information collected by Malatest?

The information collected to date will be transferred to MSD to store while decisions around the future of the BFC evaluation are made.

How will participant privacy be ensured?

Measures have been taken to preserve participant privacy and ensure that teams who make funding decisions for the services that interview subjects work, are unable to access the evaluation materials.

MSD consulted the Privacy and Information Security experts who recommended that the Research and Evaluation team, an independent unit within MSD, will store all raw data and potentially sensitive material until a new evaluation plan is developed. This ensures that the expectation of privacy for all research participants is upheld.

What will replace the current evaluation of BFC?

We will come back to you with a plan for the future evaluation of BFC services early in 2021 once the impact of the BFC Commissioning Strategy and Budget 20 investment in the sector are better understood.