

<p>How effective is each BFC initiative in building financial capability and resilience in New Zealanders experiencing hardship?</p>	<ul style="list-style-type: none"> • Opportunity for change – Client descriptions of their overall situation (free text - COMT), client participation in opportunity building initiatives • Behaviour change - Clients reports about how the BFC services have helped them and changes made • Reduction in financial hardship – (COMT - increased % with enough to meet basic needs and obligations; increased % in control of debt) • Locality context for each initiative (external factors that may influence client access and outcomes) • Client changes in capability, motivation and opportunity for each initiative • Service provider views on effectiveness • Role of each service and product within the system of BFC services and the wider sector 	<p>Evaluation of BFC initiatives</p> <p>COMT</p> <p>Community case studies</p> <p>Interviews with agency stakeholders</p>
<p>Impact and return on investment: the long-term impact and return on investment of BFC services for New Zealanders experiencing hardship.</p>		
<p>What impact are BFC services having on improving the lives of New Zealanders experiencing hardship?</p>	<p>Comparisons between clients and matched sample in IDI:</p> <ul style="list-style-type: none"> • Reduction in financial hardship – reduced # in receipt of benefit, reduction in special needs grants, increased # in paid employment; increased earnings/tax • Improved wellbeing - improved housing quality (NZ Dep); increased # of homes insulated and heated • Improved health - Reduction in avoidable hospitalisations for children aged 0-5; completed Before School Checks (B4SC); reduction in # not able to afford GP visit • Improved social outcomes – accessing needed services, social connectedness 	<p>Provider admin data including client check-in forms</p> <p>IDI data (potentially complemented by agency data)</p> <p>Interviews with clients</p> <p>Community case studies</p>
<p>What are any unintended consequences of the BFC initiative?</p>	<ul style="list-style-type: none"> • Descriptions of unintended consequences (positive and negative) 	<p>Interviews with BFC Trust, providers, clients</p>

What is the return on investment of BFC services?

What supports the effective delivery of BFC services to people in hardship and what could improve the impact?

- Value of benefits (CBAx) exceeds cost of BFC services
- Social return on investment analysis – positive ratio of costs/social benefits
- What has been learnt about effective service delivery models for people from different cultural groups and in different stages of the life course

Agency financial information from contracts
Community case studies

All information sources

3. Evaluation of BFC initiatives

We will develop evaluation plans for each BFC product and service to understand who is being reached, what is being achieved and what could be strengthened. Depending on the BFC product or service the purpose of the evaluation will be:

- Developmental: to inform the development of a product or service
- Formative: to provide information about the establishment of the product or service
- Process and monitoring: to monitor progress in implementing the product or service to examine who is being reached, what is working well and early identification of problems
- Outcomes and impact to assess the impact of the product or service and how it contributes to the BFC services initiative.

The evaluations may have different foci depending on the Ministry's need for information and the developmental stage of each product and service. Early evaluations may have a more developmental and formative focus (for example, BFC Plus and the Savings Trial) and move in to a focus on outcomes later in the evaluation period.

Data collection for the community studies, the overall evaluation and the service and product evaluations will be aligned where feasible to provide efficiency in data collection and contribute to meaningful analysis.

3.1. Evaluation plans for BFC initiatives

The content of the evaluation plans for BFC initiatives is summarised in Table 1 below. Core stakeholders and service providers will be involved in developing the evaluation plans for their services, which will strengthen engagement and ensure evaluation approaches are broadly supported. The process for developing the plans will be adapted to suit the development of each service.

Table 1: Evaluation planning for BFC initiatives

Evaluation plan component	Context
Literature review	A limited review to identify best practice for the initiative, to understand the target group and/or inform the evaluation approach.
Theory of change and logic model	Developed alongside the BFC team for the product or service to outline the evidence for the initiative, to define the purpose of the initiative, and identify the activities to be completed to achieve the desired outputs and outcomes.
Alignment with over-arching BFC logic model	The extent the initiative aims to contribute to individual, family and whānau capability, opportunity and/or motivation Referral pathways and linkages with other BFC initiatives
Evaluation framework	The evaluation framework will define the evaluation questions, sub-questions, indicators/measures and sources of evidence. Evaluation frameworks provide a structure for the design of data collection tools, analysis and reporting. The evaluation questions and measures will align with the overarching evaluation questions where feasible. The measures/indicators of success will be discussed and agreed with the BFC team for the initiative.
Information sources	Information sources and data collection methods will be developed to align with the evaluation purpose and the evaluation framework. Information will be sourced using a mixed methods approach to include: in-depth interviews, surveys, and/or administrative data.
Analysis	The evaluation framework will be the foundation for the analysis of the evaluations of BFC initiatives.
Impact analysis	Where feasible and relevant the evaluation plans may include measures of the impact of the separate initiatives by inclusion of a comparison group(s). Options for comparison groups include primary data collection, BFC initiative programme data, agency data and randomised controlled trials.

3.1.1. Evaluation considerations for BFC initiatives

Evaluation considerations for each of the BFC initiatives are described in Table 2 below. BFC initiatives are still being developed. The evaluation considerations will be updated as the initiatives are developed and evaluation plans developed.

Table 2: Evaluation design considerations for BFC initiatives

Evaluation design considerations	Service/product evaluation approach
Sector capability and training	
<ul style="list-style-type: none"> • Delivery of training for financial mentors and MoneyMates facilitators. • May also include some training for Work and Income policies and processes and other initiatives. • The BFC Trust plays a central role in developing and delivering training 	<ul style="list-style-type: none"> • Describing training activities and providing advice on pre- and post-training feedback as needed and requested • Questions on the two different training sessions to be included in the Financial Mentoring and MoneyMates evaluation approaches. Findings to be included in those reports. • Survey of provider frontline staff and interviews with provider managers • Timing of the training and changes in the training delivered over time will be important considerations
Financial Mentoring and the Financial Plan of Action	
<ul style="list-style-type: none"> • Financial mentors will be employed in a wide range of providers. Evaluation will need a large process/staff focused component, possibly combined with feedback on the financial plan of action. An important aspect of the evaluation will be the extent financial mentors understand the difference between budgeting advice and the strengths-based approach to building financial capability and resilience. • Suited to large national survey of providers to hear from as many frontline staff as possible in conjunction with some interviews with frontline providers and clients. • The financial plan of action is a new resource used by many providers. The impact of this resource may vary due as some providers may already have similar tools. The evaluation will need to consider variation in how the plans are used across different providers/ individuals and how use is influenced by existing systems. • Analysis will consider provider context. 	<ul style="list-style-type: none"> • Analysis of how the approach differs from previous models and the alignment with the logic model. <p>Online survey with all financial mentors on:</p> <ul style="list-style-type: none"> • The 'before' state – what FM roles were and how they changed • Training and support for the transition to the new roles (sector capability and training) • Effectiveness and usability of the new tools (focusing on the plan of action) • Interviews with a selection of FMs from providers with different profiles (size, age, delivery of other services) • Analysis of differences across providers to understand what supports the FM role • Questions about financial plans incorporated into data collection from clients using all services (including in evaluation outcomes measurement interviews).

MoneyMates

- Service delivered in a group setting
- Peer-led support based around the concept of sharing and learning together as a group so focus groups may be effective for collecting client feedback.
- Large pool of existing clients available for evaluation.
- Variation in how the Money Mates courses are delivered and which sessions are delivered.
- Some implementations supported by extra funding through the MoneyMates fund (MoneyMates / Financial Resilience Fund).
- Develop consent process for past clients and how they may ethically be contacted.
- Data collection from clients (focus groups), facilitators and stakeholders (interviews) in site visits.
- Online survey of facilitators including section on training (building sector capability).
- Analysis of COMT data
- Online survey of past participants including data collection on financial plans from those who have them
- Detailed client case studies to illustrate effect of participation based on in-depth interviews incorporated into the community case studies
- Case studies of the two Wesley Community Action and Thinkplace research projects

MoneyMates fund (Financial Resilience Fund)

- Suited to a case study approach of representative and innovative services developed using the funds, with the service evaluation considering how the overall initiative contributed to each service and what worked/what was challenging for each.
- Some applications of the fund will not be connected to MoneyMates but will enable the delivery of other services designed to improve financial capability.
- Analysis of service descriptions of funded services and alignment with the logic model.
- Selection of a sample of the funded services/initiatives for case studies, representing the variation in scale and type.
- Interviews with fund governance and operational team.
- Phone interviews and site visits for selected services.
- Write-up of each case study including how each service was supported by the fund approach and contributed to outcomes.

BFC Plus

- A more intensive version of the financial mentor relationship and can include, but is not limited to, total money management.
- Due to the intense and personal nature of the planned intensive services, in-depth in-person interviews with clients and their family/whānau where appropriate may provide the best information on the impact and implications of these services.
- Data collection through in-depth interviews with clients, staff and whānau where appropriate.
- Selection of some clients as case studies for more intensive data collection – discussion of their case with the mentor, analysis of actual budget/expenditure data over time, etc.
- Analysis of COMT where appropriate.

The Generator

- Under development from April 2018. Operational in communities from January 2019.
- A targeted approach to build financial resilience through community action and enterprise opportunities
- Suited to case study approach to allow for mini evaluations of the varying communities and/or initiatives
- Consideration of the effectiveness of capacity building for the community
- The evaluation of the Generator will be included in community case studies where feasible.
- Approach similar to that for the MoneyMates Fund, focusing on understanding the variation in services, how The Generator contributed to them and the difference they made to their communities.
- Data collection through analysis of service descriptions and their alignment of the logic model then case studies targeting a representative selection

Financially Inclusive Products

- Implemented from January 2018.
- Building on existing services and are financially inclusive products (savings) and MoneyTalks accessibility.
- Evaluation will focus on understanding what difference financially inclusive products made to the existing services.
- Data collection will focus on those clients affected by the changes – how things changed for existing users of the services and how the changes made the services more accessible for new users.

Work and Income policy, processes and practices

- Different data collection approaches may be needed for different policy/processes/practices but data collection through online surveying is an effective way of reaching a wide group of staff.
- Some changes may affect staff directly and not clients.
- Online survey of Work and Income staff affected by the changes to gain a breadth of information.
- Interviews with a sample of staff to gain a depth of information.
- Analysis for success factors/challenges across the different training type.

4. Information sources to assess targeting, client experiences and effectiveness

Information for the evaluation will be sourced from:

- Administrative data from MSD, the BFC Trust (Client Voices), the client outcomes measurement tool (included in client voices), the IDI
- Community studies – in-depth descriptions of the environmental and community contexts that influence financial capability in a sample of communities. Community studies will include in-depth interviews with community stakeholders, Work and Income, service providers and clients
- Primary data collection from key stakeholders including the BFC team, the BFC Trust, other stakeholders, BFC service providers and clients, families and whānau. Primary data collection will include observation at site visits, in-depth interviews and/or focus groups, online surveys.

4.1. Administrative data

Administrative data are collected by agencies and service providers as part of their day to day business. Administrative data are very important information sources for an evaluation. They provide information to inform all stages of an evaluation at minimal additional cost. To be useful administrative data must be:

- Consistently collected and the evaluation measures aligned to the administrative data available. The COMT implemented by the BFC team will provide consistent data collection across services and will be used as to measure a range of client outcomes.
- Provided as client data. Identifiable client information is not required for most parts of the evaluation⁷, but client data is needed to enable a range of analyses for example to look at outcomes by client demographic profile.

Administrative data collected by government agencies will be used to:

- Inform the development of BFC initiatives
- Monitor the use of BFC initiatives, including Work and Income referrals to BFC services
- Assess the impact of BFC services by comparing outcomes for people in the target group who are using BFC services and those not using them.

Administrative data from BFC providers will be used to:

- Monitor the use of BFC initiatives provided by each provider e.g. administrative data will be used to develop the provider dashboards
- Provide information about outcomes using pre- and post-measures from the COMT
- Identify people in the target group who have used BFC initiatives.

⁷ Identifiable data is required to match with the IDI data for the impact evaluation.

Strategies to gain access to administrative data will require the BFC Trust and service providers to be confident about the value of the administrative data to continuous improvement and service development and the safety and security of the data. The following approach is proposed:

- Effective communication with providers about the evaluation purpose and to demonstrate how the information can be used. A communications strategy has been developed with the BFC team and the BFC Trust (summarised in Section 11).
- Consultation with providers to develop six-monthly provider results dashboards (see section 7) that MSD and providers can use to better understand who they are reaching and opportunities to strengthen the services they provide.
- Collaboration with the BFC Trust about how to engage with providers. Data from Client Voices is a starting point.
- An opt-in approach, initially focussed on service providers in the in-depth community case study localities. Providers will be invited rather than required to be part of the evaluation.
- Providers who opt-in will be invited to include an encrypted identifier such as SWN number or NHI to enable data linkage to the IDI. The focus will be on providers in the communities selected for the community case studies.

4.2. The client outcomes measurement tool (COMT)

Inclusion of a wide variety of services in the BFC programme targeting similar outcomes offers an opportunity to implement a consistent approach to tracking outcomes. The BFC programme has implemented such a tool for all providers, which will be a valuable source of information for the evaluation⁸. The tool includes:

- About your situation:
 - I / we have enough to meet our basic needs and obligations
 - I / we feel in control of any debt
 - I / we can confidently manage our finances
 - I / we are on track to achieve our goals
 - Overall my / our situation is (free text)
- About our services:
 - I / we felt listened to, understood and respected
 - The [service / group / session] met our needs and expectations
 - I / we are better able to deal with the issues we wanted help with
 - What did we do well (free text)?
 - What could we improve on (free text)?

⁸ <https://www.msd.govt.nz/documents/what-we-can-do/providers/building-financial-capability/training/client-outcomes-measurement-tool-provider-guide.pdf>

The ideal scenario from the evaluation side is consistent with the BFC intent that services use the COMT to:

- Complete a baseline measurement: All services use the 'about your situation' component of the tool with all clients in advance of receiving any services.
- Track client progress: The 'about your situation' component is completed at the start of every subsequent interaction if there are subsequent interactions to track progress over time.
- Track service quality: The 'about our services' section is completed after every interaction.

4.3. Community case studies

In-depth community case studies will be used to examine how the different BFC initiatives and the environment or locality context work together '*on the ground*' to build the financial capability and resilience of the New Zealanders experiencing the highest levels of hardship.

Community case studies will begin with three communities in the first half of 2018 to provide information to inform MSD contracting processes. Three additional communities will be included in the first half of 2019. All communities will be revisited later in the evaluation once all BFC initiatives have been implemented.

Community case studies will complement national data. They are included in the evaluation because services do not exist in isolation of the context of their locality. The delivery of BFC services and the outcomes achieved are influenced by the ethnic profile and community structure, influences of for example aggressive high-interest lenders on people living in hardship and locality factors that make it easy or difficult to access BFC services such as transport, hours services are open for, cultural competency of the services and products and the local mix of services. The in-depth community case studies:

- Provide a way to understand the system by examining how the BFC initiatives work together in an area and how local contexts influence the delivery and effectiveness of BFC
- Enable comparisons between different communities to provide information to help understand the drivers of change and the barriers to change
- Provide new primary data collected from BFC service users as the foundation for a SROI analysis
- Provide in-depth understandings of the community context and the different factors that influence outcomes for individuals will inform the sensitivity analysis included in the ROI and SROI.

Selection of communities

Communities for the case studies will be defined as people living in Census area meshblocks linked to a Work and Income service centre. A sample of six communities has been proposed to provide a range of communities with different characteristics and contexts. Selection of diverse communities will enable extrapolation of the learnings from the community case studies to inform service development and delivery in other communities.

The first three communities have been confirmed as: Eastern Bay of Plenty (Kawerau and Opotiki), Porirua and Central Otago (Alexandra and Cromwell).

The second group of three communities is likely to be Waitakere, Palmerston North and Christchurch. Final selection will be confirmed following completion of the first three community case studies. Confirmation of the selected communities will be influenced by the extent BFC service providers in the community agree to be part of the evaluation.

These locations include communities with one or more of the following characteristics:

- A lower socio-economic community – with a high representation of people living in hardship e.g. Porirua
- A mixed socio-economic community with pockets of poverty and pockets of wealth e.g. Christchurch, Palmerston North
- A locality with a high proportion of Māori e.g. Communities in the Eastern Bay of Plenty
- A locality with a high proportion of Pacific e.g. Communities in Waitakere
- Geographical location e.g. an urban community (Christchurch), a community in a provincial town (Palmerston North), a semi-rural community (Central Otago)
- Access to BFC services e.g. communities in localities with few or many BFC services.

Information sources for the community case studies

Evaluation primary data collection will focus on the community case studies. Where feasible, we will leverage the initiative evaluation data collection to inform the community studies allowing efficiencies in data collection and more information for in-depth analysis.

Data collection for the community case studies will include an initial site visit during the first year of the evaluation to contribute to contracting in 2018-19 and follow-up 12 to 18 months after initial data collection. The two-phased approach will enable:

- Understanding of the community context and what is working well and what challenges there are to improving outcomes for clients
- Agency, BFC Trust and service provider response to the initial findings
- Follow-up data collection to identify any changes and any ongoing barriers to change.

Information sources for the community studies will include:

- Contextual analysis of the community including demographic profile, income, employment, benefit receipt, the presence of different financial pressures for the population experiencing hardship (for example, high-interest lenders, casinos and other gambling venues, housing prices, transport, etc), the presence or absence of services or community attributes that are supportive of financial inclusion.
- BFC services available - Map of the services impacting financial capability and resilience for the people in the community, how they interact and overlap and which are funded under BFC, service capacity (FTEs, professional and volunteer staff, types of services delivered). Service mapping will identify overlaps and gaps in service availability.

- Site visits to communities to complete interviews with service providers, Work and Income, clients and other stakeholders. In completing site visits we will ensure that the engagement is culturally appropriate.
- Referral pathways – who is referring clients to BFC services and what services BFC service providers are referring clients to. Analysis of referral pathways will identify provider networks.
- Interviews with clients to complement the COMT information and explore:
 - Client (and family whānau or community where applicable) experiences of using BFC services in the community, looking at the range of services and how they are used over time
 - Client self-assessment of what benefits they have received from BFC services and how these have changed their lives. This information will inform the SROI analysis
 - What has helped and hindered clients in making changes and what else would potentially benefit them.
- Interviews/focus groups with service providers to explore:
 - The services they deliver and workforce capability to deliver services
 - Their client group and how they meet the needs of clients and in particular Māori and Pacific clients
 - Their understanding of financial capability and resilience and what has changed for them/their organisation as a result of the BFC initiative
 - Their views on service coordination in their locality and any overlap and/or gaps in service provision
 - Community need and what helps and hinders clients from making changes
 - Their suggestions to strengthen financial capability and resilience for clients and the collective impact of the BFC services.

Analysis of information from the community case studies will reflect the different perspectives and world views of clients in the communities.

Summary reports will be prepared for each community that will provide information in an appropriate format for the community. A feedback workshop will be facilitated for community stakeholders, the BFC team and the BFC Trust. The workshop will provide local stakeholders with an opportunity to reflect on responses to the community case studies alongside MSD and the BFC Trust.

4.4. Approaches to primary data collection

Primary data collection will be included in the community studies, evaluation of BFC initiatives, policies and processes and workforce capability. Primary data collection will adhere to MSD's ethics criteria and to the ANZEA code of practice. We will seek ethics approval as part of evaluation planning for the community case studies and the evaluation of BFC initiatives.

In brief this will include:

- Development of information for participants (service providers and clients) about the purpose of the evaluation, why they have been asked to participate, what is involved, how their information will be used, and that participation is voluntary
- Protection of participant privacy through confidential collection and storage of data. Any quotes and case studies used in reporting will be anonymised. As part of the consent process, participants will be advised when their anonymity cannot be ensured e.g. in the community case studies it may be evident who BFC providers are even though names will not be used
- Strategies to ensure client and evaluator safety. In every project where there is contact with people there is the potential for a person we interview to disclose information that leads to concerns about their safety. A strategy will be developed with MSD as part of evaluation planning for the community case studies and evaluation of BFC initiatives. The strategies may vary depending on the locality, resources available in the locality and the context. Prepared strategies will mean we are prepared to respond if a safety issue arises. Evaluator safety will be protected using best practice approaches to selecting interview locations and monitoring evaluator whereabouts.

Site visits

Site visits and observation are important, particularly for the community case studies and for the evaluation of BFC initiatives that may be implemented in specific localities. Site visits build trust and confidence and increase the quality of data collected from clients and provider staff. Case studies are often the best way to engage with clients and services particularly in Māori and Pacific communities.

The data collection methods used in the site visits will be tailored to the information needs of each service evaluation. However, they will generally emphasise in-depth qualitative interviews with clients and service staff. Focus groups may be appropriate for some services.

Case study visits can represent a significant cost in travel expenses and time. Costs of the site visits will be balanced against the available budget to ensure best use is made of site visits.

In-depth interviews

We will use in-depth interviews to explore the perspectives of stakeholders, service providers, frontline staff, managers and clients (and family/whānau) in the community case studies and evaluations of BFC initiatives. We generally use semi-structured interviews with a conversational tone. At the outset of each interview we will seek the participant's consent after explaining the evaluation and how their information will be used. We will also seek consent for recording the interviews to use to transcribe and/or listen back to them as necessary. Interview guides will be agreed with the Ministry before interviews commence and reviewed following initial interviews to ensure it is producing the desired information.

Focus groups

Focus groups provide an opportunity for provider staff or clients to discuss the BFC services and to talk about what is working well, challenges and potential solutions. They will not be appropriate for

all services – for example, those which provide more in-depth, individualised support dealing with personal issues may be better discussed in a one on one setting.

Focus groups will be facilitated by a senior evaluator and guided by a semi-structured guide.

Online surveying

Online surveys are an inexpensive and effective way to explore attitudes as they provide a level of confidentiality that allows free and frank feedback. The evaluation can use online surveys to reach wide groups of people. However, they can be less accessible as face-to-face or phone conversations, particularly for clients who do not have easy internet access. We will therefore use online surveying primarily with service provider staff and sparingly with clients of services with large numbers of clients recorded as participating.

We use targeted email reminders, prize draws and text messages to promote participation. Surveys will be programmed by experienced programmers. We can send emails containing a unique ID and a link to the online survey or where email addresses are not available we can allow access through an open but secure link. Entry to the survey only requires internet access. Hard copies will be made available for anyone who prefers to complete surveys in hardcopy.

Other data collection approaches

We will explore other data collection approaches depending on the requirements of the evaluation of BFC initiatives and priorities within the available budget. Examples include:

- Intercept surveying
- Review of actual financial records for case studies
- Analysis of unique provider data collection
- Worker and client diaries
- Randomised controlled trials.

5. Impact

5.1. Outcomes analysis

An outcomes analysis assesses the extent the BFC services initiative has progressed towards the intended outcomes of:

- Building financial capability, motivating change and providing opportunities for change to
- Improve financial resilience so people, families and whānau experiencing hardship draw on internal capabilities and external resources and supports to improve their financial situations

Resulting in:

- People, families and whānau who are in control of their finances and are financially resilient, now and for their future
- Improved financial wellbeing for people, families and whānau, and communities
- People, families and whānau who have the opportunity to participate in and belong to their community and wider society (social and economic inclusion)

Outcomes following receipt of BFC initiatives will be examined:

- For people who use BFC initiatives
- For family/whānau included in the in-depth community studies
- For communities for initiatives that focus on community capacity building such as the generator.

Analysis of outcomes will be guided by the logic model for the BFC services initiative and the logic models for the BFC initiatives. Analysis will draw on information from:

- Qualitative analysis of in-depth interviews to explore self-assessed changes and service provider assessments of changes for clients
- Pre- and post-measures from the COMT
- Pre- and post-comparisons of client outcomes included in agency administrative data e.g. changes in benefit receipt, changes in employment. Pre- and post-comparisons using agency data are only possible for clients referred from Work and Income where a referral is recorded or for clients of service providers who provide (encrypted) identifiable details
- Pre- and post-measures incorporated into the evaluation of BFC initiatives.

Outcomes analysis will include population segmentation to understand who is benefitting from BFC services. Outcomes analysis will prioritise examination of:

- Outcomes for the target group (people living in hardship) as a whole
- Outcomes for population groups over-represented by those living in hardship (e.g. Māori, Pacific peoples, women, sole parents, children and younger people).

5.2. Impact analysis

Analysis of the impact of the BFC services initiative aims to examine what difference the BFC initiative has made and how it has contributed to changes in outcomes for people, family and whānau. Impact analysis will be completed at population level.

The Impact evaluation will seek to compare progress in measurable outcomes between populations receiving BFC services and a similar group(s) not receiving financial capability building services. Differences between the two groups will provide an estimate of the net impact the BFC services initiative. There are significant challenges implementing this concept, most importantly in identifying appropriate comparison groups and ensuring the right data are available for both groups. The impact evaluation requires data on:

- The 'exposure' – The type, duration and intensity of BFC services for each client. BFC is a nationwide programme delivered in the context of increased focus on financial capability programmes across the government and non-government sectors. We need to know what types of interventions people in the intervention and comparison groups have received. We would also want to know, if possible, the extent to which individuals received varying levels of service (dosage effects) so that individuals who received minimal services may be analysed separately from the broader treatment group.
- Matched comparison group – The evaluation is more powerful when the comparison group and the client group are as similar as possible in everything but their exposure to BFC services. The analysis is therefore dependent on having sufficient data available about the individuals in both groups to describe and match each participant. For example, the groups should have people with similar incomes, ethnicities, ages, etc.
- Outcomes measures of financial capability and resilience and quality of life. Such measures can be collected directly from 'clients' but it is more difficult to collect such measures from data sets such as the IDI. However, the IDI is very useful for tracking outcomes such as income and education.

There are potential sources for comparison groups that have relative strengths and weaknesses:

- The IDI: Detailed data describing participants' interaction with government services but currently no data on participation in BFC services. Detailed and strict processes are required for accessing data and adding data (for example, adding lists of people who participated in financial mentoring).
- MSD administrative data: Comparison of groups within the MSD administrative data would provide intervention and comparison between people in 'hardship' and would be useful for assessing benefit receipt as an outcome and the impact of changes in benefit receipt as a result of increased financial capability. Processes could be established to ensure benefit recipients who are referred by Work and Income to BFC services are identifiable. This source is more easily accessible but more limited in scope.
- Client pre- and post-comparisons - IDI and observational pre-post intervention data from the same client can be used to assess the 'costs' incurred by society and the client in the 12 months before the BFC initiative and in the following 12 months.

Options for impact analysis will be further explored in the first half of 2018. Priorities will be:

- Ensuring processes are in place to record Work and Income referrals to BFC services
- Working with providers to include identifiers such as the MSD SWN number in their data
- Ensuring necessary client consents are in place for data matching to the IDI.

6. Return on investment analyses

BFC is a complex, multi-agency programme where the services represent levers of change that interact with wider personal, societal and geographic factors to reduce New Zealanders' financial hardship because 'having insufficient economic resources limits people's ability to participate in and belong to their community and wider society, and otherwise restricts their quality of life'.

The potential benefits from BFC services include:

- Economic benefits to individuals, family and whānau, communities, government
- Social benefits to individuals, communities, government
- Other impacts that may be positive or negative (e.g. increased use of a car may have a negative environmental impact).

A value for money review typically considers the principles of economy, efficiency, effectiveness and equity. In this case, economy considers whether programme resources are minimised in the context of administration and programme delivery. Efficiency considers the costs of producing programme outputs to target groups. Effectiveness looks at the costs required to achieve outcomes, and equity considers distribution of outcomes across different client groups.

The value for money component of this evaluation will use the following main approaches to analyse the costs and benefits of BFC services:

- A return on investment analysis, focused on the financial investment in BFC and the overall financial returns of the programme (not individual components) based on data from the Integrated Data Infrastructure (IDI) and Treasury's CBAX.
- A social return on investment (SROI) analysis for the community case studies will enable an economic analysis that defines and values the holistic financial and social outcomes of the BFC.⁹ SROI calculation identifies and values a comprehensive set of outcomes, including social outcomes. The social return on investment analysis draws on the in-depth community studies to explore how social returns may differ across different cultural and demographic groups.

6.1. Return on investment (ROI) analysis

A return on investment analysis will be undertaken from the perspective of government. It will be informed by the literature and established linkages between BFC outcomes and outcomes with financial measures. The potential components of an ROI analysis (depending on data availability) are summarised in Table 3. The information sources for the ROI will be:

- Financial information about programme costs provided by MSD from provider contracts
- Values of potential benefits drawn from Treasury's CBAX tool.

⁹ Other impacts, such as environmental impacts, are out of scope of this evaluation.

Table 3: Components of a return on investment analysis

Investment in BFC	Ultimate outcomes	Financial Implication
Programme costs	Employment	<ul style="list-style-type: none"> • Reduced benefit payments (now and future) • Increased tax revenue
(Example: staff and/or operations and management)	Safe housing	<ul style="list-style-type: none"> • Reduced health care costs
(Example: grants/loans)	Improved savings and financial resilience	<ul style="list-style-type: none"> • Reduced benefit payments • Reduced crime
(Example: other inputs)	Improved diet, nutrition and access to medical services	<ul style="list-style-type: none"> • Reduced health care costs
	Social cohesion	<ul style="list-style-type: none"> • Reduced benefit payments • Reduced crime • Reduced health care costs

The ROI analysis establishes the logic for a financial investment in building financial capability and resilience, however it does not account for additional benefits accruing to other stakeholders beyond government organisations (and by extension taxpayers who fund them). The SROI broadens this analysis.

6.2. Social return on investment for the community case studies

SROI is grounded in the methodology of cost-benefit analysis, which involves itemising and monetising the range of costs and benefits arising from a programme, both now and in the future. It results not only in a ratio of investment and returns, but in the context required to properly interpret and apply it. Some authors distinguish the SROI itself from *SROI analysis*. The SROI includes the derivation, testing and ultimate ratio or set of ratios expressing investment and returns. Significant attention is paid to how outcomes are monetised or valued to reach the ratio. *SROI analysis* has been explained as telling the “story of change” and augments the SROI ratio with additional contextual information¹⁰.

There are seven principles of SROI which guide its undertaking in an evaluation context.

- 1) **Involve stakeholders:** Stakeholders include those organisations and people that change as a result of the programme. SROI holds that stakeholders are the ones best positioned to help describe, value and measure social outcomes.
- 2) **Understand what changes occur:** Value is created by or for different groups of stakeholders as a result of changes (both positive and negative change, whether intended or not). This

¹⁰ The seven principle problems of SROI. Daniel Fujiwara, Simetrica. August 2015.

principle requires a logic model or theory of change to be stated and supported by measurement of outcomes.¹¹

- 3) Value the things that matter: Where outcomes do not have a market value (such as social outcomes), financial proxies are used to recognise and account for the value of these outcomes to stakeholders. Financial proxies “give a voice to those excluded from markets but who are affected by activities. This will influence the existing balance of power between different stakeholders.”¹²
- 4) Only include what is material: Include information and evidence that is required for stakeholders to draw reasonable conclusions from a true and fair representation of impact overall and among stakeholders.
- 5) Do not over-claim: Ensure that value is accurately attributed to the programme, and that the full range of contribution to outcomes is considered.
- 6) Be transparent: Explain how analysis may be considered accurate and honest, how decisions were made and how stakeholders will be informed.
- 7) Verify the result: SROI analysis requires some subjectivity. Independent assurance of analysis decisions to allow stakeholders to have confidence in the results.

SROI calculation

Calculation of the SROI ratio uses economic and statistical tools to compare the value of benefits to the value of costs. The result is a ratio supported by numeric dollar values. However, “SROI is about value, rather than money. Money is simply a common unit ... SROI is much more than just a number. It is a story about change, on which to base decisions, that includes case studies and qualitative, quantitative and financial information.”¹³

The calculation requires:

- Identified value of inputs (the “investment”), ideally from a social perspective
- Enumeration and measurement of relevant outcomes, including those important to different stakeholders
- Valuation of outcomes by monetising them and identifying duration
- Calculation of programme benefits (impact)
- Calculation of ratio of social benefits to the costs of achieving them (including NPV as appropriate)
- Sensitivity analysis.

The specific calculation must be clearly stated so that the reader can interpret the ratio correctly. Depending on the information available and applicability to the programme, the calculation should consider and explicitly state:

¹¹ For BFC, this is captured in the logic model and COM-B model.

¹² “The seven principles of SROI” The SROI Network.

¹³ See “A guide to social return on investment”, The SROI Network. January 2012.