



Resources for Regions Round Seven

Process Evaluation

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Glossary

Abbreviation	
Benefit Cost Ratio	BCR
Business Development Manager	BDM
Expenditure Review Committee	ERC
Frequently Asked Questions	FAQs
Full-time Equivalent	FTE
Department of Planning, Industry and Environment	DPIE
Department of Premier and Cabinet	DPC
Department of Regional New South Wales	DRNSW
Grant Management Office	GMO
Joint Organisation	JO
Key Evaluation Questions	KEQs
Local Government Area	LGA
New South Wales	NSW
Program Evaluation Plan	PEP
Public Works Advisory	PWA
Regional Growth Fund	RGF
Regional Programs Branch	RPB
Regional Programs Unit	RPU
Resources for Regions	R4R

Executive Summary

Resources for Regions (R4R) supports the ongoing prosperity of mining communities in regional NSW by providing economic opportunities, improved local amenity and positive social outcomes. This Report is for the process evaluation of the seventh round of the R4R program, which was delivered in 2020, following a Strategic Review of the program in 2019.

This Process Evaluation, conducted by the Regional Programs Evaluation Team in the Department of Regional NSW (DRNSW) with input from ARTD Consultants, outlines the extent to which R4R Round Seven responded effectively to the recommendations of the Strategic Review, and how the implementation of those recommendations impacted program administration.

Summary of findings

The Process Evaluation found that R4R Round Seven was administered effectively, underpinned by appropriate project planning and management. The funding decision-making process was clear and transparent, supported by best practice governance mechanisms and rigorous documentation and record keeping.

R4R Round Seven was fully committed; funding 84 projects totalling \$50 million across 24 eligible Local Government Area (LGAs). Most projects funded community infrastructure, followed by economic infrastructure, community programs and the development of businesses cases.

The implementation of the Strategic Review recommendations had a demonstrable benefit to the administration of Round Seven. The funding allocation for the round was fully committed for the first time in the three rounds of the program administered by DRNSW, there was a high understanding of the program's intent among applicants and, in general, stakeholders were satisfied with the grant administration process.

The changes that made the most substantial impact were:

- **More certainty on eligibility of applicants**, through a guaranteed funding envelope for eligible LGAs, calculated through an evidence-based mining impactedness formula. This provided a methodical and transparent way to determine eligible LGAs, and the amount of funding allocated to each. Councils were then able to concentrate on developing applications within their budget envelope, rather than needing to justify their eligibility or impactedness of mining, and to compete with other LGAs. This also ensured that those communities most impacted by mining would receive the most funding as opposed to missing out under previous rounds.
- **Clear and simple program objectives, eligibility and assessment criteria**, broken down into practical statements and accompanied by project examples in the revised program guidelines. This seemingly simple change had a profound impact on program administration effectiveness and efficiency. This change, combined with the specified funding envelope, enabled councils to better target their applications, reducing effort spent on developing ineligible applications. Likewise, the Assessment Panel received high-quality applications, and had clear guidance to make objective eligibility and criteria alignment assessments.
- **Reducing the minimum grant value**, from \$1 million in Rounds Five and Six to \$250,000 for infrastructure, \$100,000 for a community program or \$50,000 for a business case. The majority of successful projects were valued between \$200,000 and \$600,000, indicating the need for smaller-value grants.

Other key changes that improved the administration of the program were:

- **The simplification of the application process** to one stage, and by requiring only large value infrastructure projects over \$1 million to provide a business case.

- **Removal of the mandatory co-contribution.** Despite the removal of this as a mandatory requirement, 58 percent of projects still utilised additional funding for their project, totalling \$34 million.
- **Removal of the Benefit Cost Ratio (BCR) requirement.** This enabled lower-value community-focused infrastructure projects to be eligible, which were the majority of the funded projects.

Additionally, DRNSW's clear and proactive communication with key stakeholders regarding these changes, particularly to eligible LGAs, translated to a very high degree of understanding and stakeholder satisfaction with the program's administration.

The Process Evaluation found there remain two key areas for improvement:

- **Ease and timeliness of funding deed negotiation.** As at June 2021, six months following the funding announcement, 14 of 84 (17%) funding deeds were not yet in place. This is due to a variety of reasons, including applicants requiring public liability insurance, and confirmation of project milestones and development approval requirements. There may be an opportunity to improve the timeliness of funding deed negotiations through improved communication and guidance of the requirements at the application stage. This is currently being addressed by DRNSW through the development of a new application and assessment template.
- **Consistency in outcomes definition and improvement in guidance for grantees to measure and report.** The translation of the program objectives to measurable outcomes was not particularly clear in the Department's Program Evaluation Plan, the Outcomes Framework or the Outcomes Reporting Guidance Note for R4R Round Seven. The Outcomes Reporting Guidance Note provided to grantees requires streamlining to improve its usefulness, including clearer articulation of expected outcomes and more detailed guidance on how to capture and report on outcomes. Guidance will be improved for future rounds and other programs through the development of consistent program logics, revisions to Outcomes Reporting Guidance Notes and improved reporting and acquittal templates.

A summary of the Process Evaluation findings, recommendations for future R4R Rounds and considerations for other programs is provided in Table 1. The recommendations are for the use of the R4R program team, the Evaluation Team and/or the Grants Management Office. The considerations for other programs are a collection of lessons, both successes and areas for improvement, that similar programs may wish to consider in their program design and administration.

Applications for R4R Round Eight were open from 17 May 2021 to 12 July 2021. Several updates were made to the program from Round Seven, including:

- An increase in funding available for business cases – from \$50,000 to \$200,000 per LGA. This was implemented to assist Councils to renew their pipeline of projects.
- The requirement for a business case was increased from projects valued at \$1 million to \$5 million in line with NSW Treasury Business Case Guidelines (TPP 18-06) and to streamline the process for applicants.
- Applicants need to complete their projects completed within 2 years, compared to 3 years in Round Seven.
- A six-month timeframe from the funding announcement to sign funding deed has been introduced. This is to ensure projects get up and running as soon as possible.
- The application and eligibility forms have been streamlined to reduce duplication in questions and additional conditional logic has been introduced to further tailor each form to the specific project. The request for a 'halfway milestone' has also been removed from the application form. These changes aim to improve the application experience and the transition to the funding deed negotiation process.
- The program team have five FTE, up from two to administer Round Seven.

Table 1 | Summary of findings and recommendations

Findings	Recommendations for future R4R rounds	Considerations for other programs
<p>1. R4R Round Seven clearly defined the program's objectives, which linked logically to the program aim and broader policy environment for regional development.</p>	<ul style="list-style-type: none"> Continue to utilise the split between infrastructure and community objectives, with clear statements and project examples in program information and resources to communicate the objectives of the program. 	<ul style="list-style-type: none"> Breaking down the objectives of the program into easy-to-understand statements, accompanied by examples of projects that align to those objectives improves program clarity and scope for internal and external stakeholders.
<p>2. R4R Round Seven represented a substantive change in design from previous Rounds, implementing all eight Strategic Review recommendations. The improved clarity of the program objectives, the guaranteed funding allocation to eligible LGAs and the lowering of the minimum grant value were all valuable improvements that enabled a greater alignment of program design with intended outcomes.</p>	<ul style="list-style-type: none"> Continue to calculate mining-impactedness and provide each LGA with a guaranteed level of funding. Retain the minimum grant amount at \$250,000 for infrastructure projects. Do not reintroduce Benefit Cost Ratio (BCR) requirements for applications in order to continue to attract a diversity of project proposals in future Rounds. While Round Seven received sufficient quantity and quality of applications, future R4R Rounds may need to consider the capacity of Councils to submit shovel-ready projects and allow for a greater degree of opportunity development and consultation. 	<ul style="list-style-type: none"> Where there is a known need within a limited group of Councils, removing cross-Council competition by guaranteeing a level of funding for each is helpful to reduce inequality in capacity to develop and submit applications, and/or meet the needs of various Councils Targeted stakeholder engagement to design the program guidelines results in a high degree of stakeholder buy-in and an improved alignment between the program and community need.

<p>3. The R4R project team utilised learnings from previous rounds and the Strategic Review to deliver Round Seven on time and to a high standard. It met all committed timelines, and all 24 eligible LGAs received their full pre-determined allocation, fully expending the fund.</p>	<ul style="list-style-type: none"> • Extend the application process by two-weeks, to a total of 12 weeks, to provide Councils a longer period for community consultation. • Continue to streamline the transition from application to funding deed through improved templates that remove duplication, provide pre-filled information in the funding deed from the application, and provide greater clarity at the application stage regarding common delays for funding deeds, including project staging, public liability and development approval requirements. • Continue to monitor the quality of projects submitted, and ensure each LGA continues to submit a greater number of proposals than their allocation to allow the Assessment Panel genuine choice. • Ensure Councils are appropriately consulting with their community, and offering to submit projects on behalf of community organisations to diversify the pool of projects. 	<ul style="list-style-type: none"> • Ensure alignment between program guidelines, application forms and Funding Deed requirements, specifically regarding project plans and milestones to ease the transition from application to Funding Deed. • Continue to monitor the ratio of total applications to ineligible applications and successful awardees, to determine where there may be an issue with guideline clarity.
<p>4. The communication approach effectively delivered key messages to required stakeholders at critical stages of program implementation. Early communication about changes to the program and greater clarity regarding the guidelines were particularly effective.</p>	<ul style="list-style-type: none"> • Where eligibility and assessment criteria remain the same for future R4R Rounds, the same level of communication activity as Round Seven should not be required. However, the clear guidelines, the use of the webinar to communicate with applicants, updating FAQs about the Round on DRNSW's website in response to the webinar discussion and encouraging applicant contact through the regional network's Business Development Managers (BDMs) should continue. 	<ul style="list-style-type: none"> • Developing a high degree of awareness of the program prior to its launch, particularly for new and/or substantially updated programs is worth the investment as it is likely to improve proposal quantity and quality. • R4R's tailored approach to communication and engagement with applicants was made possible by the fact that the fund was only open to 24 eligible LGAs. Program staff and BDMs were able to provide one on one support to this number of individual applicants. Such an approach would not be feasible for regional programs attracting a much higher volume of applications and communication traffic.

<p>5. The clarity of the program guidelines, detailed preparation for the Assessment Panel and rigorous documentation of funding decisions resulted in a fair and transparent process to make funding decisions.</p>	<ul style="list-style-type: none"> • Following the establishment of the Risk Register, ensure these risks are reviewed and an update logged each month. • Include the composition of the Assessment Panel in the program guidelines (titles and roles, not names). 	<ul style="list-style-type: none"> • Clarity in program guidelines sets up proposal assessment up for success. • Detailed methodology notes for each assessment criteria and a pre-briefing of the Assessment Panel enhances objective and transparent assessment.
<p>6. The program logic does not provide sufficient clarity for the expected outcomes of the program. This impeded the provision of quality outcome reporting guidance. While applicants were aided through automatic prompts in the application form to define expected outcomes from their project, there remains variability in the quality of proposed outcomes measurement and a risk to data collection.</p>	<ul style="list-style-type: none"> • DRNSW's Program Evaluation Plan, Outcomes Framework and Outcomes Reporting Guidance Note should be aligned to provide consistent description of outcomes from R4R. • The reporting and acquittal template for R4R should be developed with clear guidance on how to capture and report on the specified outcomes. • Review milestone reports for outcomes data quality, and provide additional guidance as required. 	<ul style="list-style-type: none"> • DRNSW's Regional Programs Evaluation Team to engage early with the program team during guidelines and resources development, and provide a standardised definition of outcomes connected to the agreed objectives, to simplify and strengthen linkage between the program and its expected impact. This is underway through the Department's development of a Performance Measures Framework for Regional Programs. • There is potential for further improvements to be made to application and funding deed documentation in order to better support translation of program and project objectives into measurable and attainable outcomes. The current development of a standardised application form for use across all regional programs should lead to improvements in this regard.

7. The program was administered using few dedicated resources, supplemented by additional support and subject matter experts where required. While cost-effective, the limited dedicated resources posed a potential risk to program administration timelines.

- DRNSW's Regional Programs Branch develop, coordinate and regularly update an internal register of available staff within the RPU who have the capacity to provide additional support to program teams experiencing high workflow demands.

- While further efficiencies are expected from DRNSW's transition to a new grant management system, as well as from the standardisation of regional program templates for application and reporting processes, regional program areas should ensure strategies for mitigating risks associated with resourcing capacity are identified and regularly updated to manage high workflow demands.
- Program areas should ensure planning for budgeting and tracking costs associated with program administration is in place for program Rounds.

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Introduction

Overview of Resources for Regions

The Resources for Regions (R4R) program was announced in 2012. R4R has been conducted over seven rounds and has granted \$345 million across 149 projects. Round Eight of the program is currently open for applications.

Rounds One to Six of the program were resourced from the NSW Government's Restart NSW Fund, established by the *Restart NSW Fund Act 2011*. Rounds Seven and Eight were resourced from the Consolidated Fund.

The program aims to support the ongoing prosperity of mining communities in regional NSW by providing economic opportunities, improved amenity and improved social outcomes.

Following the completion of R4R Round Six, the NSW Government announced in May 2019 a Strategic Review to ensure the program was fit for purpose and provided maximum support for communities most affected by mining in NSW.¹ The Review was led internally by the Regional Programs Unit (RPU) located within the Department of Planning, Industry and the Environment (DPIE) at the time, with input from the University of Technology Sydney.

The Strategic Review identified that NSW mining communities experience unique social and economic needs, including impacts on infrastructure, and economic challenges such as future industry transition, and amenity. On the basis of this finding, the Strategic Review recommended a number of changes be made to reshape and refocus R4R, including:

- the program objectives should be updated and refined in order to better target the scope of the program
- applications should link proposed projects to the relevant Local Government Area's (LGA) Community Strategic Plan or relevant NSW Government Regional Planning
- the scope of eligible projects should be broadened to include both infrastructure and community programs, and
- each mining-impacted LGA will be eligible to apply for a guaranteed envelope of funding for their region.

In response to these recommendations, R4R Round Seven was adapted to provide a base amount of \$1 million for each of the 24 eligible LGAs, with a further \$26 million weighted to the most mining-affected communities. Other key changes included removal of Benefit Cost Ratio (BCR) requirement of greater than 1 for assessing project benefits and the funding of community programs in addition to infrastructure projects.

R4R Round Seven, administered between 2020-21 and 2021-22, funded 84 projects with expenditure of \$50 million. Funded projects included new and upgraded infrastructure, such as roads, water and sewerage systems, social infrastructure such as sports fields and community resilience programs.

Purpose of this Process Evaluation

This report is the Process Evaluation for R4R Round Seven. It was undertaken by the DRNSW's Regional Programs Evaluation Team from March to June 2021.

The purpose of this Process Evaluation is to assess the effectiveness and efficiency of the design and implementation of R4R Round Seven. It covers three first three stages of program implementation – program establishment, the application process and Funding Deed negotiation.

This Process Evaluation addresses Key Evaluation Questions (KEQs) one to nine outlined in the R4R Round Seven Program Evaluation Plan (PEP), though these have been consolidated to the following seven questions to avoid duplication and overlap:

1. How clear and consistent are the program's objectives?
2. How well was the program planned?
3. To what extent was the program implemented as planned?
4. How well was information about the program communicated to the target audience?
5. Are governance processes increasing accountability, fairness and transparency? To what extent were funding recommendations in line with published assessment criteria, and how transparent were funding decisions?
6. To what extent did funded projects define expected outcomes consistent with the program outcomes and methods for measuring these outcomes? To what extent did the program collect project-level outcome data and monitor data collection progress and quality?
7. How administratively cost-effective is the program?

Findings and recommendations for each question are outlined in this report.

This Process Evaluation will inform DRNSW decision-making about the design and delivery of future Rounds of the R4R program. More broadly, the evaluation's key findings and recommendations can also be considered in relation to ongoing improvements to regional grants administration across DRNSW.

Evaluation Approach

Two key data collection and analysis methods were used to undertake this Process Evaluation:

- A review and analysis of existing program documentation to assess whether the program was implemented as intended, conducted by the DRNSW's Regional Programs Evaluation Team, and
- Consultation with a sample of key stakeholders using surveys and interviews to collect and analyse data on their views of program design and implementation, conducted by ARTD Consultants.

An analysis of program documents, combined with interviewing grant applicants (n=16), program staff and assessment panellists (n=6), are commonly used evaluation methods to generate data on how a program is being delivered, to assess the program's current operating conditions and to identify factors enabling or hindering success.

Much of the data generated for this evaluation is qualitative for the purpose of assessing the fidelity and quality of program implementation and identifying contextual factors. Statistical data has been sourced from internal program reporting to provide a high-level analysis of program characteristics such as funded projects in the Round by type and value, value of proposals and projects compared to previous rounds.

The documents reviewed for this Process Evaluation is at Attachment A. Further detail about the design and administration of the survey and interview tools is available at Attachment B.

Evaluation Findings

1. How clear and consistent are the program's objectives?

This section covers the extent to which what the program is aiming to achieve is clear and aligned to the authorising policy environment.

Finding 1.	
R4R Round Seven clearly defined the program's objectives, which linked logically to the program aim and the broader policy environment for regional development.	
Recommendations for future R4R Rounds	<ul style="list-style-type: none"> Continue to utilise the split between infrastructure and community objectives, with clear statements and practical examples in program information and resources to communicate the objectives of the program.
Considerations for other Programs	<ul style="list-style-type: none"> Breaking down the objectives of the program into easy-to-understand statements, accompanied by examples of projects that align to those objectives improves program clarity and scope for internal and external stakeholders.

R4R's program objectives are clearly aligned to NSW regional policy. Approved projects align to both regional policy and local regional planning.

The *NSW Regional Development Framework* and the *20-Year Economic Vision for Regional NSW*'s outline the following pillars of investment for regional NSW:

- Amenity – providing quality services and infrastructure in regional NSW
- Growth – aligning effort to support growing regional centres
- Potential – identifying and activating economic potential.

The R4R Round Seven program objectives reflect these pillars closely by aiming to '*support the ongoing prosperity of mining communities in regional NSW by providing economic opportunities, improved local amenity and positive social outcomes*'².

Following the 2019 Strategic Review of R4R, changes were made to the program's design to strengthen project alignment with local community needs and priorities identified in LGA Regional Planning. This was evidenced by the: assessment of applications against the criteria of 'Local Need', whereby Councils were required to demonstrate how proposed projects aligned with actions in their LGA's Community Strategic Plan Regional Planning, or the Regional Economic Development Strategy for their region.

² <https://www.nsw.gov.au/regional-nsw/regional-development-framework>; <https://www.nsw.gov.au/regional-nsw/regional-development-framework>

The way in which R4R aims to assist mining-affected communities was clearly communicated through refined program objectives detailed in easy-to-understand statements.

The guidelines for R4R Round Seven unpacked the program’s objectives in relation to broad project type – infrastructure and community programs – with practical examples, as shown in Table 2. This was a substantial improvement on previous rounds which relied on one broad statement as the program objective.

Table 2 | R4R Round Seven program objectives as stated in the program guidelines

Project type	Key objectives	Project example
Infrastructure	Mitigate the impact of mining on local infrastructure in the LGA.	Service infrastructure such as road or bridge upgrades or waste infrastructure.
	Delivery of new economic opportunities to help strengthen and/or diversify the local economy.	Upgrading or delivery of new or improved tourism projects that align with the region’s Destination Management Plan.
	Improved community amenity through new or upgraded community infrastructure.	New or enhanced public spaces including recreational facility upgrades, walking or cycling tracks, community centres and halls.
Community programs	Economic diversification initiatives to support the long-term resilience and prosperity of mining communities.	Targeted skills development programs.
	Deliver community wellbeing outcomes by enhancing the overall liveability of mining communities.	Larger scale sports festivals, arts, culture or cultural heritage projects that support community involvement, promotion of local culture or history or land care projects.

Clearer objectives in Round Seven enabled the scope of the program to be better targeted in program design processes, while also aiding applicants’ interpretation of the program’s intent. This was achieved through:

- The clear and consistent articulation of program objectives and practical examples in departmental communications with applicants, such as one-on-one consultations with all 24 eligible Councils on proposed projects
- The requirement for Councils to link proposed projects to program objectives and intended outcomes in the application form and business case templates, and
- The inclusion of explicit criteria for assessing project alignment with program objectives

These processes resulted in:

- Only two project proposals in the Round being assessed as ineligible for funding (out of 91), and
- Positive feedback from applicants regarding the clarity of program guidelines and objectives in Round Seven.

“It was a very clear process with clear guidelines... we didn’t have any problems with that aspect of that. It was good to be able to speak with the grant’s office ...any grey areas were able to be cleared up that way and I thought that was great.” – R4 Round Seven Applicant

2. How well was the program planned?

This section covers the extent to which the program was designed appropriately to fulfil its objectives.

Finding 2.

R4R Round Seven represented a substantive change in design from previous rounds, implementing all eight Strategic Review recommendations. The improved clarity of the program objectives, the guaranteed funding allocation to eligible LGAs and the lowering of the minimum grant value were all valuable improvements that enabled a greater alignment of program design with intended outcomes.

Recommendations for future R4R Rounds

- Continue to calculate mining-impactedness and provide each LGA with a guaranteed level of funding.
- Retain the minimum grant amount at \$250,000 for infrastructure projects.
- Do not reintroduce BCR requirements for applications in order to continue to attract a diversity of project proposals in future Rounds.
- While Round Seven received sufficient quantity and quality of applications, future R4R Rounds may need to consider the capacity of Councils to submit shovel-ready projects, and allow for a greater degree of opportunity development and consultation.

Considerations for other Programs

- Where there is a known need within a limited group of Councils, removing cross-Council competition by guaranteeing a level of funding for each is helpful to reduce inequality in capacity to develop and submit applications, and/or meet the needs of various Councils.
- Targeted stakeholder engagement to design the program guidelines results in a high degree of stakeholder buy-in and an improved alignment between the program and community need.

R4R's design was comprehensively refreshed in response to the Strategic Review recommendations, which was positively received by key stakeholders.

R4R was refreshed in Round Seven, following the completion of a Strategic Review of the program in December 2019. The NSW Government agreed to implement all eight recommendations to reshape the existing program to better support the unique challenges and local needs of mining-affected communities in future rounds of the program.

Evidence from program documentation and ARTD Consultants' stakeholder engagement, highlighted the relevance and benefits of the changes to the program following the Strategic Review. These changes and benefits include:

- A significant decrease in the number of ineligible projects received for Round Seven and the full allocation of funding to all 24 eligible LGAs, compared to undersubscription in previous rounds

- Data informed analysis to determine mining impactedness in regional NSW to identify LGAs eligible for R4R funding, and the communication of a guaranteed envelope of funding, which were positively received by Councils, and
- Improved clarity of program objectives, and broadening of project eligibility, which enabled a greater diversity of projects to be funded.

A more detailed assessment of the implementation of the Strategic Review recommendations is provided below in Table 3. Overall, the refreshed design improves the programs alignment to regional development policy and better addresses the needs of mining-affected communities, as indicated by grant recipient feedback captured by ARTD Consultants:

“Round [7] in comparison to previous Rounds I found it a lot better to have an allocation of funding and then justify the projects we were going to put forward rather than justifying what percentage of mining community members we have. We’re already a mining-affected community so rather than having to justify all that ... well it was good just to say this is your allocation give us your projects and basically prove it.”

“The changes were incredibly positive for our community ... The changes provided us with a platform and our community with the opportunity to have some of those mining royalties reinvested into the local communities. Without the changes, most or all of these projects would not have happened.’

“For us in a smaller town with a relevant small grant ... the opportunity to show a direct economic impact is minimal to give a benefit cost for a grandstand upgrade. Being able to describe the benefits for those smaller applications in [the regions] is very positive.”

Table f | Summary of R4R Strategic Review recommendations implementation

Program design element	Rounds 5/6	Strategic Review recommendation	Round Seven	Evaluation comment
Program objective	To improve economic and social infrastructure in mining-affected communities and improve economic growth and productivity through the delivery of improved local infrastructure and services.	Program objectives should be updated and refined, in order to better target the scope of the program.	Implemented through the development of five clear objective statements, split by community and infrastructure projects.	Clearer objectives significantly improved program administration effectiveness and efficiency.
Funding source	Restart.	Program funding should be sourced from the Consolidated Fund for the services of regional NSW.	Implemented.	Using non-Restart funds meant the BCR requirement could be removed, which was positively received by applicants and led to a greater diversity of projects.
Strategic alignment	Program objective aligned to NSW regional policy - Restart, the Regional Growth Fund (RGF) and Regional Development Framework.	Applications should link proposed projects to relevant LGA Community Strategic Plan/ Regional Planning.	Implemented through the introduction of the 'Local need' assessment criteria.	Greater proportion of applications received for community program funding based on identified community need. However, level of Council consultation with community varied greatly across the 24 LGAs.

Eligible projects	Infrastructure only.	Scope of eligible projects should be broadened to include both infrastructure and community programs.	Implemented through the inclusion of community projects and business cases.	A more diverse range of projects were funded under Round Seven. The proportion of funding allocated to infrastructure remained high at 80 per cent, though most were 'community' infrastructure.
Eligible recipients	Councils and Joint Organisations (JOs), within mining-related areas. These were listed on the Department's website, though LGAs not listed could still apply if they provided evidence of being mining-related.	Adjust the determination of the mining impactedness for LGAs by considering a range of factors, including LGA mining local quotient rating, current mining operation and impacts in the LGA.	Implemented.	Positively received by Councils in eligible LGAs. For Councils deemed ineligible, the methodology used was defensible.
Minimum and maximum grant amounts	Minimum of \$1 million.	Reduce the minimum grant amount to ensure mining-impacted communities have greater flexibility for a range of projects that address their unique needs.	Implemented by reducing the minimum grant to \$250,000 for infrastructure projects, \$100,000 for community projects and \$50,000 for business case development.	Almost 90 per cent of projects were below \$1 million demonstrating need for a lower value grant.
Co-contributions	Mandatory.	Co-contributions should be highly encouraged, however not mandatory to provide applications with greater flexibility and to encourage a more diverse range of applications.	Implemented.	Over 50 per cent of funded projects had co-contributions. This shows removing the mandatory requirement did not eliminate the program's ability to leverage additional funding, but did allow some projects to go ahead that otherwise would have been ineligible.

Funding allocation

Competitive across LGAs.

Each mining-impacted LGA should be eligible to apply for a guaranteed funding envelope, consisting of a base allocation and a further potential amount allocated proportionate to their mining-relatedness.

Implemented through guaranteed base funding of \$1 million, with the balance of funding weighted to the most mining-impacted communities using mining employment location quotient

Being non-competitive between LGAs was seen to be a positive way to ensure equity between larger and smaller LGAs. This could be a design mechanism that other programs consider.

Targeted stakeholder consultation early in program redesign was critical to an effective refresh of a new Round.

Following the completion of the Strategic Review, the R4R program team consulted with key stakeholders to test proposed changes to the program in the lead up to the launch of Round Seven in June 2020. This six-month period of planning involved consultation with both internal and external stakeholders, summarised in Figure 1.

- **January-February 2020:** The R4R program team workshop with the Department of Premier and Cabinet's (DPC) Evaluation Unit early in the program design phase enabled a number of key program elements to be simultaneously developed and refined through feedback loops: program logic, new eligibility and assessment criteria, program guidelines and outcomes reporting. The joint program-evaluation workshop was also beneficial in prioritising the drafting of revised program objectives early in the program redesign process. This resulted in the development of explicit and well-defined assessment criteria from a clear, unambiguous and realistic statement of the intended purpose of the program.
- **February-March 2020:** The R4R program team shared early drafts of the revised program guidelines, eligibility and assessment criteria with Councils, industry bodies and other NSW government agencies. Targeted consultations with LGAs generated useful, practical feedback for the R4R program area on proposed changes from an end-user perspective. Consultation with relevant industry bodies such as the NSW Minerals Council provided an opportunity to test proposed eligibility criteria for mining-impacted LGAs. Another benefit of consultation was government agencies such as Destination NSW offering to assist Regional NSW to assess applications.
- An Independent Probity Adviser's review of the draft program guidelines confirmed that the revised guidelines meet the requirements of best practice principles for grant management.

Figure 1 | Program redesign steps for Rounds 7 of R4R



Planning for future rounds of R4R will need to respond to a changing LGA environment in terms of a decreasing supply 'shovel ready' projects.

LGAs' capacity to put forward 'shovel ready' projects contributed to the success of Round Seven's full allocation of funding to the 24 eligible applicants. However, this same level of capacity cannot be assumed for future rounds, with Councils starting to deplete their pipeline of 'shovel-ready' projects, which is already expected to be lower for Round Eight.

"We have already made the decision for 2021-22 ... as a result of the funding that we've already received and been approved for to date to stop making applications for grant programs as they become available, except where they align with a project. The amount of money ... is fantastic but it has caused us to reach our capacity to deliver." - R4R Round Seven applicant

This pipeline is also impacted by funding commitments to similar regional programs offered by Commonwealth and other NSW government agencies. If fewer 'shovel ready' and/or projects identified from community consultation are available at the time of the announcement of a funding round, Councils may need to consult further with community to put forward eligible projects that meet local needs and priorities for R4R funding. While R4R Round Eight program guidelines enable eligible Councils to submit applications for a broader pool of non-infrastructure projects identified from community consultations, the funding value for these projects tends to be much lower, which could impact the expenditure of the R4R fund.

In Round Eight, the Business Case Requirement for minimum funding was increased from \$1 million to \$5 million in line with *NSW Treasury Business Case Guidelines (TPP 18-06)* to incentivise LGAs to scale up existing projects for R4R funding. At the same time, DRNSW has increased funding for business cases from \$50,000 to \$200,000 in Round Eight to incentivise Councils to develop new project proposals for funding consideration.

3. To what extent was the program implemented as planned?

This section covers the extent to which the program was implemented on time, the funding was fully committed and the projects were of the type and quality expected.

Finding 3.

The R4R project team utilised learnings from previous Rounds and the Strategic Review to deliver Round Seven on time and to a high standard. It met all committed timelines, and all 24 eligible LGAs received their full pre-determined allocation, fully expending the fund.

Recommendations for future R4R Rounds

- Extend the application process by two-weeks, to a total of 10 weeks, to provide Councils a longer period for community consultation.
- Continue to streamline the transition from application to funding deed through improved templates that remove duplication, provide pre-filled information in the funding deed from the application, and provide greater clarity at the application stage regarding common delays for funding deeds, including project staging, public liability and development approval requirements
- Continue to monitor the quality of projects submitted, and ensure each LGA continues to submit a greater number of proposals than their allocation to allow the Assessment Panel genuine choice.
- Ensure Councils are appropriately consulting with their community, and offering to submit projects on behalf of community organisations to diversify the pool of projects.

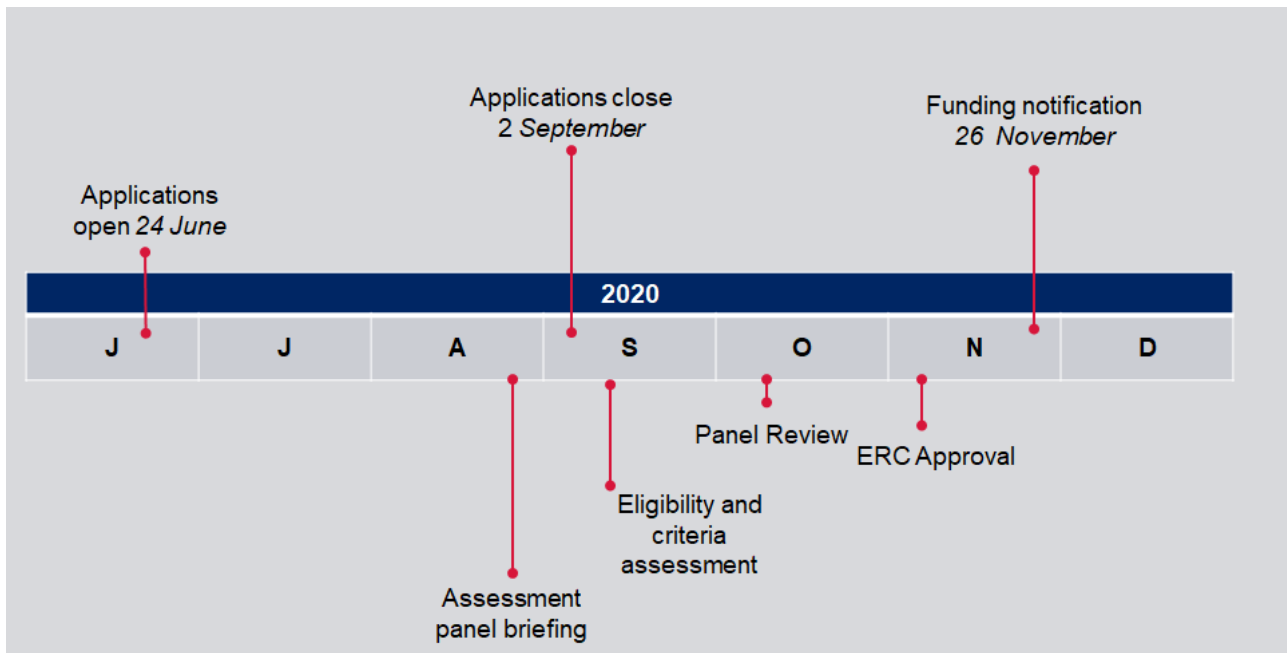
Considerations for other Programs

- Ensure alignment between program guidelines, application forms and Funding Deed requirements, specifically regarding project plans and milestones to ease the transition from application to Funding Deed.
- Continue to monitor the ratio of total applications to ineligible applications and successful awardees, to determine where there may be an issue with guideline clarity.

R4R Round Seven met all publicly committed timelines through effective project planning and management, mitigating against a relatively tight timeline.

The planned program timeline was six months, from the Round's launch in June 2020 to the announcement of funding outcomes in November 2020. Key milestones are highlighted in Figure 2.

Figure 2 | Program administration timeline



The planned timeline for the Round was appropriate to meet the Department’s budget and regional program investment priorities and Government expectations. However, for program administration, the timeline was relatively tight. While all milestones were met, the time allowed for project assessment (one-month) was relatively short and required intensive effort from the program team, eligibility assessors and external subject matter experts. Assessment Panel availability was factored into planning and supported by an effective secretariat, which assisted in meeting the publicly stated timelines. Applicants received notification of the funding outcome of their applications in accordance with publicly stated timelines in the program guidelines. However, it is noted that the funding notification period was open-ended, which does not provide applicants with sufficient certainty regarding when they will be notified of their outcome. Programs should consider providing more clarity regarding the likely window of outcome notification.

Early communication of the Round enabled applicants to be on the front-foot, however where community consultation by grant recipients is expected, longer timeframes to respond to the application may be required.

Most applicants viewed the application window (10 weeks) to be appropriate. However, some applicants who responded to the survey felt the timeframes were a little tight, particularly for community programs or to consult on new ideas. These mixed views were highlighted in the stakeholder engagement conducted by ARTD Consultants.

“I mean it gave us enough time to consult with the full council and the community without dragging out for too long where people become impatient. Were aware of the funding few weeks before it was open so we had an opportunity to plan. Once the application opened, I thought that was really good.”

“The community consultation process left us having to ask for extensions of time. We don’t feel that there was sufficient time, while the program encouraged community engagement and our political representatives encouraged that. Allowing contingent time to go through a proper process of consultation. The timeframes were very, very tight.”

- R4R Round Seven Applicants

While some applicants felt the timelines constrained community consultation, the evaluation considers the timeline to be appropriate. This is due to the program emphasis on ‘shovel-ready’ projects that were specified in, or in line with, existing LGA regional plans, the early, informal communication regarding the program prior to its launch, and the fact that several Councils were able to conduct successful consultation processes.

However, as has been previously noted, future Rounds of the program may be less able to rely on the existence of ‘shovel-ready’ projects, as these have largely been funded through Round Seven for many LGAs.

Therefore, future Rounds will likely need to build in more time for community consultation during the application stage – a minimum of 12 weeks.

Funding deed negotiation could be further streamlined through improvements to the application process

As at June 2021, there were 14 funding deeds still to be finalised (of a total of 84). While this proportion of outstanding funding deeds is not considered unusual, there may be opportunities to improve the transition from the program area to the Grants Management Office (GMO). Some applicants who responded to ARTD’s stakeholder survey indicated that the process to execute a funding deed was cumbersome. Common feedback included:

- **Duplication in questions** in the funding deed form, and a lack of pre-filling of information already supplied in the application form. The duplication has been addressed for Round Eight, and the ability to transfer existing information from the application to the funding deed form is being explored.
- **Rigidity around milestones**, causing grantees to assume they need to change their project plans. This feedback stems from the application form requiring applicants to specify a ‘halfway milestone’. However, the GMO team then structure the funding deeds using a rubric according to the value and risk of the project. Often, this requires four equal milestone payments. This meant applicants felt they had to re-work their project plan in the funding deed stage to align with the GMO-specified milestones, or that the milestones did not align with work completed. The evaluation found that the GMO process was sound, but could be better communicated at the application stage to better prepare applicants for the funding deed process.

“The milestones didn’t fit the project at all, it was for instalments of equal amounts and it had no bearing on a construction project that doesn’t get built in four equal instalment and it didn’t match my application.” – R4R Round Seven applicant

The GMO have already implemented improvements to milestone reporting in Round Eight, with the removal of the specification for a ‘halfway milestone’ in the application form, and encouraging applicants to consider how they can conduct their project in stages.

In consultation with the GMO, the program area has also included a requirement that funding deeds must be in place within six months of the funding announcement, to reduce the average number of days between funding announcement and project commencement.

R4R was fully committed in Round Seven, for the first time in 3 Rounds.

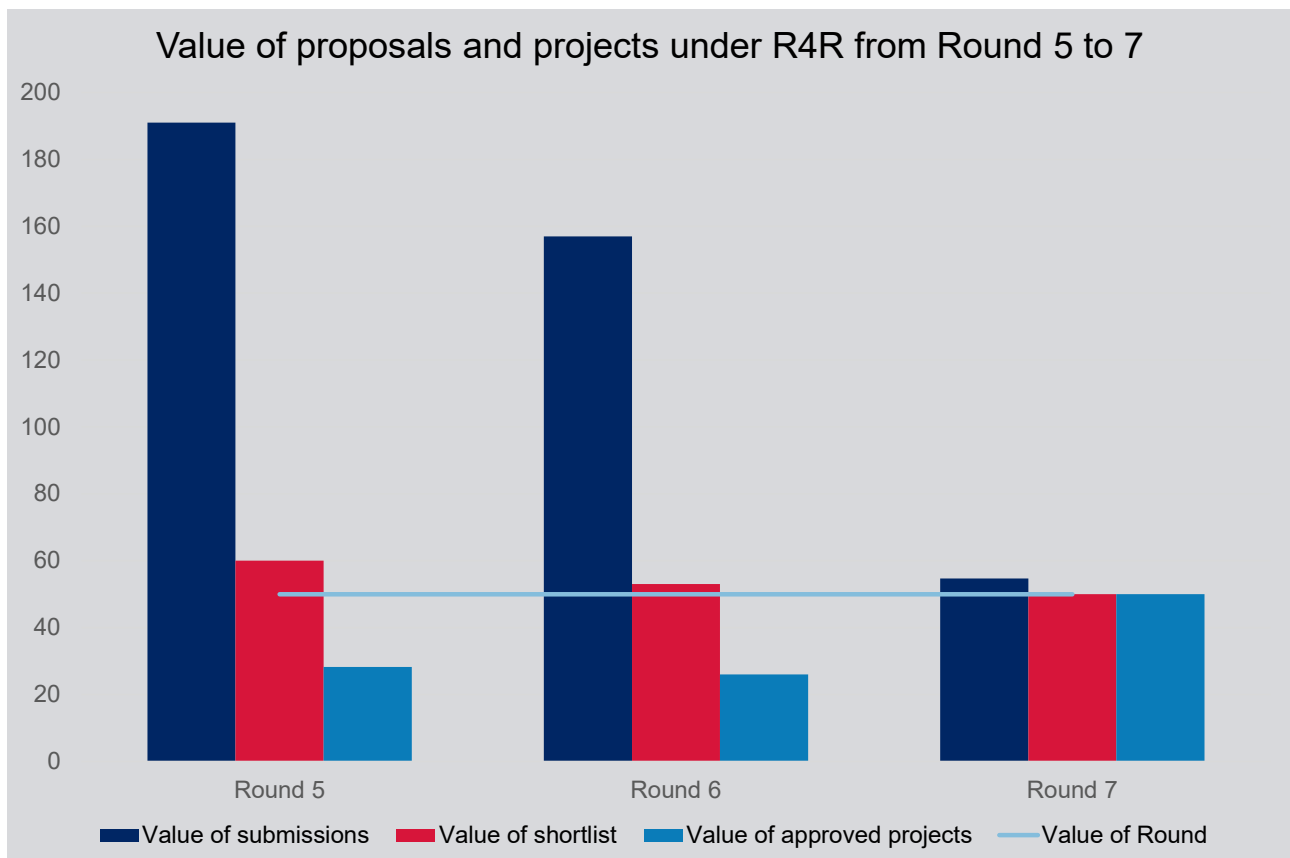
Rounds 5 and 6 of R4R received applications for funding that, in aggregate, were well above the available funding for the Round. However, following shortlisting and assessment, only approximately half of the funding was committed to projects due to many applications being deemed ineligible or not meeting the assessment criteria. This was the primary trigger for the Strategic Review in 2019.

This issue was resolved in Round Seven, with 91 applications totalling \$54.7 million submitted, and 84 projects totalling \$50 million funded (the full allocation for the Round). Additionally, all 24 eligible LGAs received their full R4R allocation. Councils were encouraged to submit additional projects above their allocation as a contingency should any of their projects not meet the assessment, and to provide the Assessment Panel with genuine choice between projects.

This is a substantial improvement on previous Rounds. As shown in Figure 3, the large volume of ineligible applications in previous years represented significant inefficiency in the process due to the time lost for applicants in developing the applications and the Department in assessment, and the resulting undersubscription of the program.

There is a balance to be struck in application volume between efficiency and quality. That is, there needs to be a sufficient volume of applications to ensure high quality projects are being funded, rather than needing to accept all eligible proposals. In the case of R4R Round Seven, where each LGA knew their funding allocation in advance and had sufficient communication regarding the objectives and assessment criteria for the program, it makes sense that the volume of applications was very close to the volume of available funding, as Councils submitted applications in line with their budget envelope. However, this will be a consideration for this program going forward.

Figure 3 | Value of funded projects for Rounds 5, 6 and 7 of R4R

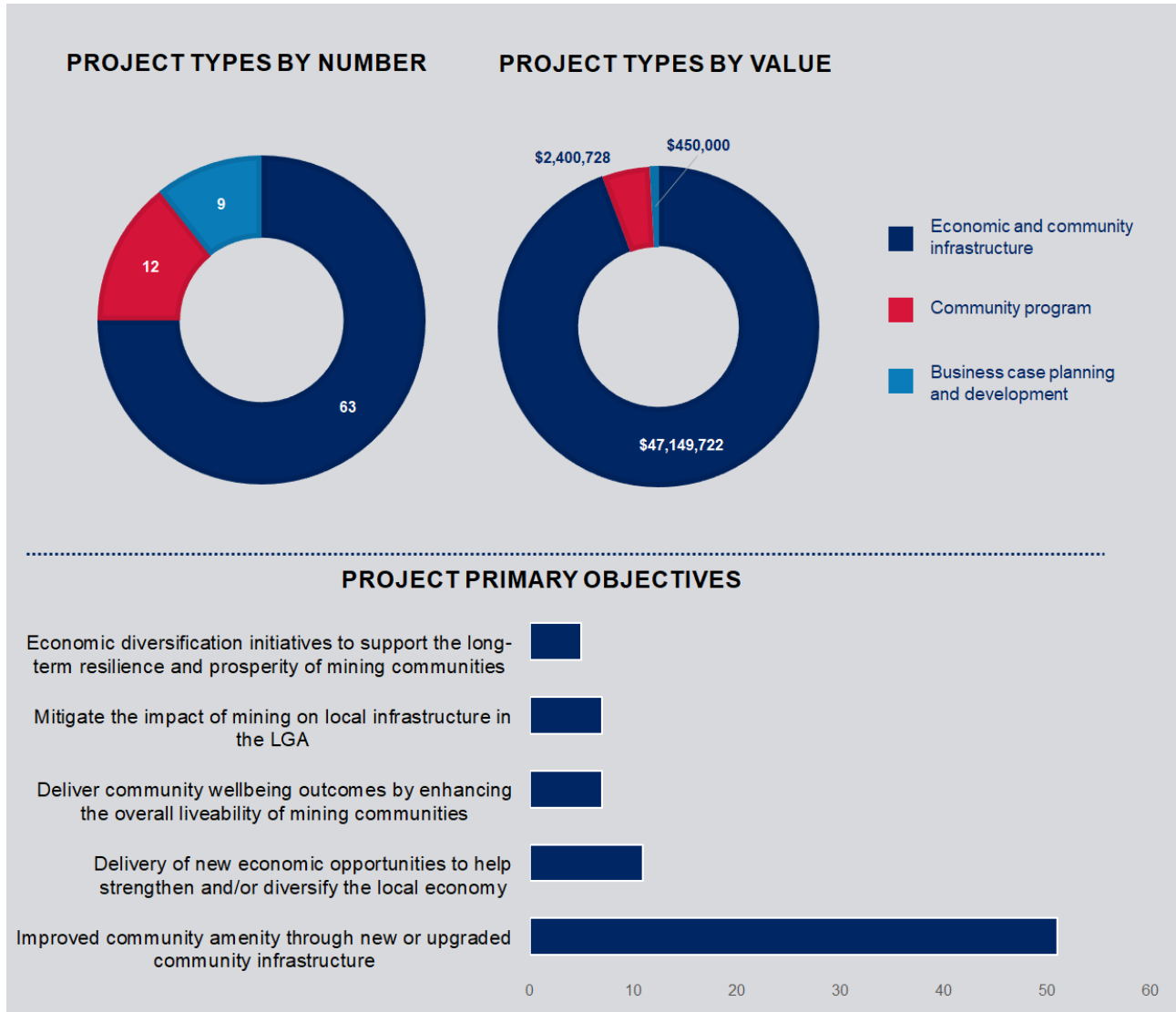


The majority of projects funded infrastructure to improve community amenity.

Over 75% of projects funded in Round Seven were for infrastructure. The remainder was a nearly even split between community programs and business cases. Due to the comparative cost of these types of projects, 94 percent of the value of the program was invested in infrastructure. However, the majority of the infrastructure spend was focused on community amenity, rather than economic infrastructure, as shown in Figure 4. This reflects the change to the program guidelines, which

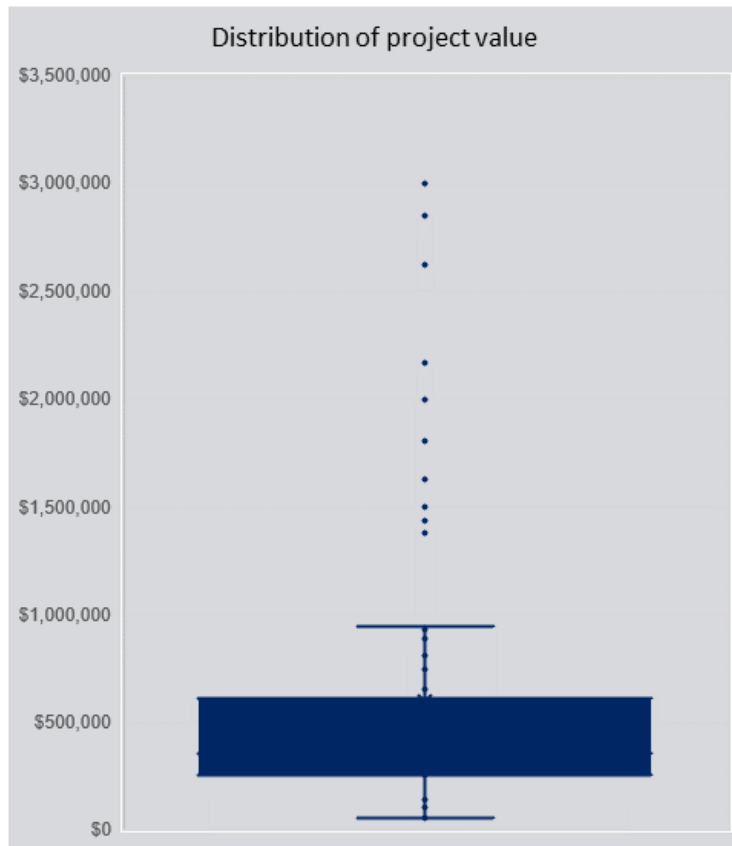
broadened the scope of projects from just economic infrastructure with a BCR of above one, toward more community-focused projects, which was taken up by applicants. It is possible that the number of community projects may have been even higher, if it were not for the constraints in running face-to-face events and programs due to COVID-19.

Figure 4 | Project types and objectives in Round Seven



Despite the majority of projects being infrastructure, most were below \$1 million in value, indicating the change to the minimum grant value was appropriate.

As shown in Figure 5, while the projects funded in Round Seven ranged from \$50,000 to \$3 million, almost all projects were between \$250,000 and \$600,000 in value. This reinforces the previous point – that most projects were community infrastructure upgrades, rather than the construction of large-scale economic infrastructure and reflects the changes made to the program guidelines following the Strategic Review, which advocated for the reduction of the minimum grant amount.

Figure 5 | Distribution of project value in Round Seven**The program leveraged \$34,000,000 in co-contributions or additional funds**

Another recommendation of the Strategic Review was to remove the mandatory requirement for a 25 percent co-contribution, as this was seen as a barrier for some LGAs and otherwise eligible projects. In Round Seven, co-contributions were 'strongly encouraged', rather than mandatory.

Despite removing this as an eligibility requirement, over half of all projects (58 percent) utilised additional funding from other sources to complete their projects, to a value of \$34,000,000.

4. How well was information about the program communicated to the target audience?

This section covers the extent to which applicants were well informed during all stages of the program.

Finding 4.

The communication approach effectively delivered key messages to required stakeholders at critical stages of program implementation. Early communication about changes to the program and greater clarity regarding the guidelines were particularly effective.

Recommendations for future R4R Rounds

- Where eligibility and assessment criteria remain the same for future R4R Rounds, the same level of communication activity as Round Seven should not be required. However, the clear guidelines, the use of the webinar to communicate with applicants, updating FAQs about the Round on DRNSW's website in response to the webinar discussion and encouraging applicant contact through the regional network's Business Development Managers (BDMs) should continue.

Considerations for other Programs

- Developing a high degree of awareness of the program prior to its launch, particularly for new and/or substantially updated programs is worth the investment as it is likely to improve proposal quantity and quality.
- R4R's tailored approach to communication and engagement with applicants was made possible by the fact that the fund was only open to 24 eligible LGAs. Program staff and BDMs were able to provide one on one support to this number of individual applicants. Such an approach would not be feasible for regional programs attracting a much high volume of applications and communication traffic.

A comprehensive communications plan supported effective communication and engagement with stakeholders across all stages of the grant process.

Communications activities conducted by the program area and BDMs effectively delivered clear and consistent messages to stakeholders, namely eligible Councils, regarding the program's refresh following the Strategic Review. The communications plan responded to key themes in the Strategic Review to refresh the program through activities designed to explicitly communicate the revised program objectives and program guidelines, new eligibility and assessment criteria.

Communication activities between the Department and the Minister's Office were well coordinated in delivering both proactive and reactive messages to regional stakeholders at critical points during the grant process. For example, the Deputy Premier's announcement of the funding round coincided with the posting of revised program information and resources, and individual emails to eligible Councils regarding their guaranteed funding envelope for R4R Round Seven.

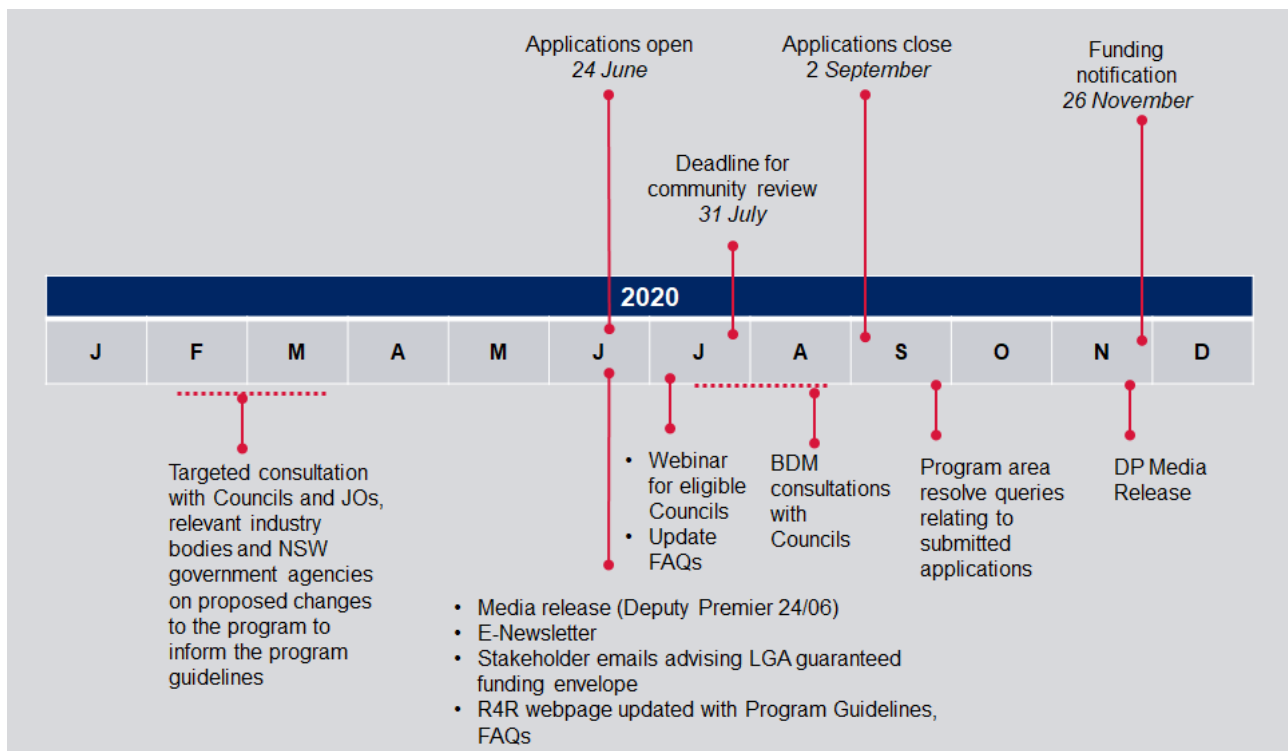
Front-loading the communications effort and addressing changes to eligibility early translated to a greater number of eligible projects being proposed in Round Seven and reduced the need for later clarification.

The targeted consultations to test proposed changes with six regional Councils, relevant industry bodies and NSW government agencies, prior to the launch of the Round Seven resulted in informal communication of the upcoming funding round.

Following the revision and approval of the new guidelines by Government, the Department communicated program changes to key stakeholders and the general public through a targeted proactive campaign to raise awareness of the program's refresh and the availability of funding.

A variety of communication mediums and methods were deployed, as outlined in Figure 6.

Figure 6 | Timeline of communications activities



Specific communication activities that were particularly effective and valued by stakeholders were:

- the Department's presentation of an information webinar following the program launch in June 2020 which 22 out of 24 eligible LGAs attended, and
- tailored one-on-one consultations arranged between all 24 eligible Councils, the R4R program team BDMs in the Regional Network to discuss proposed projects and the application process.

"Given that we actually had a video conference with the Director of the funding program, we actually had a one-on-one. We ran the ideas past her at that point." – R4R Round Seven applicant

At a minimum, DRNSW would have needed to allocate at least 48 hours in staff resourcing to enable a program staff member and BDM from the regional network to attend a one-hour consultation with each LGA. This estimate does not include preparation for consultation, and therefore it is likely that the resourcing for consultation was much greater.

It is recognised that this is a time-intensive exercise, but due to the limited number of Councils involved and the significant revisions made to program guidelines, this was an appropriate

investment. Evidence of the benefit of the tailored communication approach was the small number of ineligible applications submitted (only 2 out of 94 applications had eligibility concerns, indicating that the program was well communicated and very clearly understood by applicants). The clarity of the process, and the helpfulness of the program staff was further substantiated through the ARTD Consultants engagement process:

“Had some discussions early on about what were acceptable projects for the funding. It was fairly clear from the information what would and wouldn’t be considered” – R4R Round Seven applicant

“There were a couple of doubts as to whether some projects fit within the criteria, but a quick call cleared it all up.” – R4R Round Seven applicant

”Pretty happy with how it’s done. Get on the phone with DRNSW. I think it’s pretty clear from the start.” – R4R Round Seven applicant

***“There were a couple of applications that didn’t strictly meet the assessment criteria so the program staff went back to applicants to get more information or talk to them about these things.”
- R4R Program staff***

While there were clear benefits associated with allocating significant resourcing to communication and engagement for R4R Round Seven, program staff indicated that this level of consultation would not be feasible for an open grant round attracting a far larger pool of applicants.

5. Are governance processes increasing accountability, fairness and transparency? To what extent were funding recommendations in line with published assessment criteria, and how transparent were funding decisions?

This section covers the extent to which the program upheld rigorous process to deliver a fair outcome for applicants.

Finding 5.

The clarity of the program guidelines and assessment criteria, the preparation of the Assessment Panel and rigorous documentation of funding decisions resulted in a fair and transparent process to allocate the grants.

Recommendations for future R4R Rounds

- Following the establishment of the Risk Register, ensure identified risks are regularly reviewed and an update logged each month.
- Include the composition of the Assessment Panel in program guidelines (titles and roles, not names).

Considerations for other Programs

- Clarity in program guidelines sets up application assessment for success.
- Detailed methodology notes for each assessment criteria and a pre-briefing of the Assessment Panel enhances objective and transparent assessment

The development of, and adherence to, a clear governance framework in Round Seven largely addressed governance concerns raised in previous Rounds.

The administration of Round Seven had a clear governance framework in place, which provided a robust and transparent process to assess the applications and develop a list of recommended projects for the Cabinet Expenditure Review Committee (ERC). The key elements of the governance framework are outlined in Table 3.

Table 3 | Summary of governance changes in R4R refresh

Governance element	Approach taken in Round Seven	Evaluation comment
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Probity	A detailed Probity Plan was developed, tailored to Round Seven. External advice regarding probity was provided by an independent Probity Advisor.	The appointment of an independent Probity Advisor is not necessarily required under the NSW Good Practice Guide to Grants Administration ³ or the NSW Procurement Policy Framework ⁴ , however, following the concerns raised in Round Five and Six, was an appropriate step to take.
Assessment criteria	<p>Each assessment criteria had supporting dot-points that outlined the exact elements that needed to be satisfied to meet the criteria.</p> <p>The Assessment Panel was also briefed by the R4R program team on each of the assessment criteria through a detailed PowerPoint presentation.</p>	This process met the expectations outlined in the NSW Good Practice Guide to Grants Administration.
Assessment process	The secretariat to the Assessment Panel kept detailed notes regarding all decisions made, which provided a clear record of which projects were successful or unsuccessful and why, according to the criteria.	This process met the expectations outlined in the NSW Good Practice Guide to Grants Administration
Communication of process and outcomes to applicants	While the eligibility and assessment criteria were clearly documented in the program guidelines, some stakeholders were unclear regarding the make-up of the Assessment Panel.	As a minor improvement point, the program guidelines should state the general makeup of the Assessment Panel.

³ Good Practice Guide to Grants Administration, available at <https://arp.nsw.gov.au/c2010-16-good-practice-grants-administration/>

⁴ <https://buy.nsw.gov.au/buyer-guidance/source/select-suppliers/probity-and-fairness>

Risk management	A detailed Risk Register was developed in October 2019, at the commencement of the program design, which provided an adequate assessment of risk and prescription of treatment controls. There is evidence that risks were reviewed in June 2020, but it is unclear how risks were monitored and responded to over time.	As a minor improvement point, regular documentation of risk monitoring, even where no action was required, would improve adherence to best practice approaches.
Conflict of Interest	A Conflict of Interest Register was developed, completed and filed appropriately.	This process met the expectations outlined in the NSW Good Practice Guide to Grants Administration.

A comprehensive assessment of applications in line with published eligibility and assessment criteria was undertaken in a clear and appropriate manner.

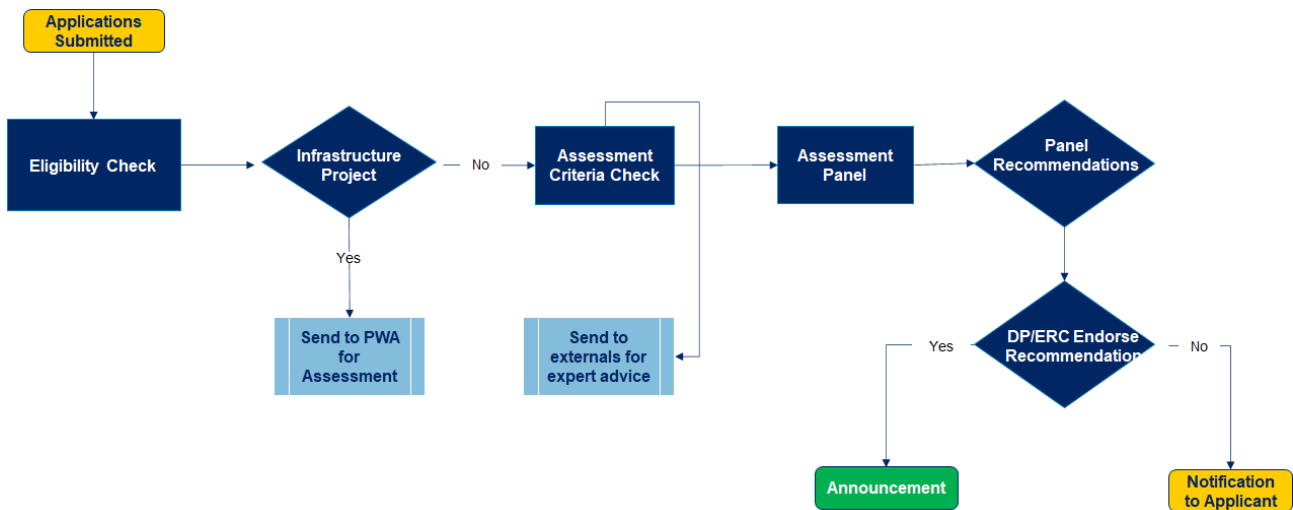
The process to assess applications had four steps:

- Eligibility check, undertaken by six DRNSW staff following the detailed eligibility guidance.
- Assessment criteria check, undertaken by six DRNSW staff following the assessment criteria guidance.
- NSW Government's Public Works Authority (PWA) and external subject matter expert review, to review technical components of applications.
- Assessment Panel Review, to consider the initial assessments made, in order to confirm the projects for approval.
- Cabinet ERC to approve the final list of projects.

In addition, infrastructure projects were reviewed by the PWA, who provided expert advice regarding the feasibility of the proposed project. Other projects that aimed to influence outcomes for Aboriginal people and/or areas outside DRNSW's direct expertise, such as mental health, were reviewed by experts in relevant NSW Government agencies, such as the Department for Aboriginal Affairs.

These steps were clearly outlined in the governance framework established for the program, summarised in Figure 7.

Figure 7 | R4R Round Seven assessment process



The program guidelines and FAQs clearly articulated the process of project eligibility review followed by assessment of projects, and this process was followed as stated.

"I wasn't aware of the [Assessment] Panel ... who was going to be assessing it. But I knew under what criteria each project would be assessed and it was helpful." - R4R Round Seven applicant

Decision-making processes for the assessment and approval of projects enabled objectivity and transparency.

The process for the Assessment Panel to decide which projects to put forward to the ERC was supported by:

- Clear program objectives, eligibility and assessment criteria. These three components were clearly articulated in the program guidelines, and then further explained with detailed dot points for use in applications assessment. This reduced the chance for subjectivity or significant variation in views between assessors or Assessment Panellists
- The Assessment Panel were sufficiently prepared to undertake their role, through detailed PowerPoint briefings on the assessment criteria. ARTD Consultants' stakeholder engagement found that the Assessment Panel felt they well-prepared to undertake the assessment.
- The Assessment Panel was supported by an effective secretariat that documented decisions made in relation to assessment and approval of projects. The evaluation has cited each of the Decision Registers for the eligibility assessment, assessment criteria assessment and the final Assessment Panel decisions. All decisions recorded were clear and easy to understand. This included where the Assessment Panel queried the original assessment, sometimes seeking further information. This is an indication of a genuine moderation process that included a detailed and robust review of all applications.

The program guidelines accounted for providing unsuccessful applicants with the opportunity to seek a review of funding decisions and an information feedback session for any unsuccessful applications. However, R4R Round Seven was unique, in that each eligible LGA had a guaranteed funding envelope, so although there were projects that were not funded, there were no unsuccessful applicants.

Community groups were provided with the opportunity to request an independent review of projects brought forward to Council but not submitted – this process was clearly documented in program guidelines. For this process, DRNSW established a Request Review Panel consisting of three of the R4R Round Seven assessment panellists to conduct a review of three community

project proposals. The proposed projects were assessed as being ineligible for funding as they did not meet the minimum grant amount. Again, the clarity of the guidelines enabled clear and transparent decisions to be made and communicated.

6. To what extent did funded projects define expected outcomes consistent with the program outcomes and methods for measuring these outcomes? To what extent did the program collect project-level outcome data and monitor data collection progress and quality?

This section covers the extent to which the funded projects were able to clearly describe a monitoring approach that will ensure the program can collect the necessary outcomes data.

Finding 6.

The program logic does not provide sufficient clarity for the expected outcomes of the program. This impeded the provision of quality outcome reporting guidance. While applicants were aided through automatic prompts in the application form to define expected outcomes from their project, there remains variability in the quality of proposed outcomes measurement and a risk to data collection.

Recommendations for future R4R Rounds

- The Program Evaluation Plan, Outcomes Framework and Outcomes Reporting Guidance Notes should be aligned to provide consistent description of outcomes from R4R.
- The reporting and acquittal template for R4R should be developed with clear guidance on how to capture and report on the specified outcomes.
- Review milestone reports for outcomes data quality, and provide additional guidance as required.

Considerations for other Programs

- DNSW's Regional Program Evaluation Team to engage early with the program team during guidelines and resources development, and to provide a standardised definition of outcomes connected to the agreed objectives in order to simplify and strengthen the linkage between the program and its expected impact. This is currently underway with the Regional Program Evaluation team's development of a Performance Measures Framework for Regional Programs.
- There is potential for further improvements to be made to the application and funding deed documentation to better support the translation of program and project objectives into measurable and attainable outcomes. The current development of a standardised application form for use across all regional programs should lead to improvements in this regard

While the clarity of R4R objectives improved in Round Seven, this did not translate to a clear statement of achievable outcomes in the program logic.

A program logic was developed for R4R Round Seven, which is embedded in the Program Evaluation Plan (PEP). The program logic could have been strengthened to more closely align with the program objectives, and more clearly articulate the expected outcomes.

In particular, the short-term outcomes listed in the program logic describe the delivery of the project, rather than the expected benefit from the project, while the medium-term outcomes listed are quite broad, with the logical link between the two not always clear.

Without the foundation of a clear program logic, it is difficult to provide clear guidance to recipients on outcomes reporting.

There are several documents that outline how R4R aims to measure its outcomes, including the PEP, the Outcomes Framework and the Outcomes Reporting Guidance Note. The Outcomes Reporting Guidance Note is the only publicly available document, and is provided to grantees to assist in planning their outcomes measurement. There is not a strong link between the between the PEP, the Outcomes Framework and the Outcomes Reporting Guidance Note, particularly in the description of the primary outcomes expected from the program.

The Outcomes Reporting Guidance Note is a good concept, but the R4R Round Seven document is not particularly user-friendly. For example, the Outcomes Reporting Guidance Note does not provide a clear list of the expected outcomes from the program or the program logic. Instead, it is structured around specific project examples and possible indicators, without a clear connection to intended outcomes. This lack of alignment to the PEP and Outcomes Framework means grantees may not always collect data that is particularly useful to the future evaluation of the program.

There is also limited guidance regarding how grantees may actually capture outcomes, such as community satisfaction.

Applicants provided a reasonable level of detail about the outcomes they were seeking to achieve, but there is less clarity on how and when they would capture the data.

A review of a sample of applications (n=22) found that applicants were generally able to propose reasonable measures of outcomes that aligned to the R4R Round Seven objectives. This was assisted by the pre-populating functions in the application form which provided applicants with options of project outcomes depending on the primary objective of their project.

Applicants mostly nominated measures for outcomes in relation to usage of facilities/infrastructure being built or upgraded, and/or community satisfaction.

However, the way in which applicants described how these measures would be captured was less detailed. For example, many applications simply stated ‘community feedback’ as the measure, without specifying how they would collect the feedback. Likewise, the timing of the outcomes measures was rarely stated.

“ ... sometimes it’s difficult to measure on some of the projects. We delivered a 3.5km cycle way and it was a combination of grant funding, development contributions and council funding. Even to measure the outcome of that is difficult, easy to see anecdotally that people use the pathway.” – R4R Round Seven applicant

The reporting requirements set out in the funding deed relies on the outcomes stated in the application, which poses a risk for data capture and reporting.

The R4R Round Seven funding deed states that progress reports are required six-monthly, where recipients are asked to provide:

- ‘a brief description of the activities objective/s
- all activities undertaken during the reporting period
- the status of results achieved to date from the project, and
- the amount of the funding from the Grant and what has been expended on the activity so far.’

To report on the ‘results achieved to date’, the funding deed refers to the application form, rather than stating the outcomes and measures in the deed itself. As the review of applications found,

there is varying quality in how these have been described, and the likely capacity of Councils to appropriately capture and report on these outcomes. This poses a risk to the quality of data collection that will occur through progress reporting. The funding deed negotiation stage should be used to refine and improve outcomes reporting plans.

“We have some mechanisms for reporting but not to the level of detail that would give us really good data.” - R4R Round Seven applicant

Due to the timing of this evaluation, no progress reports for R4R Round Seven funded projects have been submitted at this stage. DRNSW is currently redesigning the progress and acquittal reporting template for Regional Programs and is looking to incorporate clear guidance regarding outcomes reporting. However, without clear communication regarding DRNSW’s expectations about outcomes reporting from the commencement of the program, there is a risk that grantees won’t have captured required data when it comes time to report.

The first milestone reports are not expected until October 2021. It would be useful for a review of the outcomes reporting to be conducted, and additional guidance provided to grantees if required.

A lack of clarity and consistency of RGF outcomes has made defining and articulating program-level outcomes challenging.

The development of a Monitoring and Evaluation (M&E) Strategy for DRNSW Regional Programs includes a direct focus on addressing the current lack of clarity and consistency of Regional Growth Fund (RGF) outcomes at a programmatic level. As a first step, the benefits of this proposed approach includes developing shared understanding across DRNSW for how RGF outcomes articulate with program level outcomes.

7. How administratively cost-effective is the program?

Finding 7.

The program was administered using few dedicated resources, supplemented by additional support and subject matter experts where required. While cost-effective, the limited dedicated resources posed a potential risk to program administration timelines.

Recommendations for future R4R Rounds

- DRNSW's Regional Programs Branch develop, coordinate and regularly update an internal register of available staff within the RPU who have the capacity to provide additional support to program teams experiencing high workflow demands

Considerations for other Programs

- While further efficiencies are expected from DRNSW's transition to a new grant management system, as well as from the standardisation of regional program templates for application and reporting processes, regional program areas should ensure strategies for mitigating risks associated with resourcing capacity are identified and regularly updated to manage high workflow demands.
- Program areas should ensure planning for budgeting and tracking costs associated with program administration is in place for program Rounds.

The program team had two substantive FTE resources to design and administer the program which put meeting timelines at risk.

Two staff (Clerk Grade 11/12 and 5/6) were allocated to administer R4R Round Seven for the program's establishment, the application process, and funding deed negotiation. The Clerk Grade 11/12 was relatively new to the role.

While the grant was efficiently administered and met the required timelines and deliverables, the likelihood of risk to employee wellbeing was elevated, as well as the risk of timelines not being met, due to a lack of contingency capacity in the team. This risk was identified in the risk register, but additional dedicated resourcing was unable to be allocated to the team.

In Round Eight, the program team has expanded to five FTE to address this risk.

The program team drew on additional resources appropriately, though these are difficult to cost due a lack of program budgeting for internal resources.

The program area was resourceful in drawing on additional resources within Regional NSW and from other NSW government agencies to support program design and assessment of applications. This included:

- Six DRNSW staff to conduct initial eligibility and assessment criteria reviews.
- 16 officials from the NSW Department of Finance to conduct SmartyGrants Viability Assessments for the Round
- R4R Project Assessment Panel members consisting of six executive level and program staff from Regional NSW and the Office of Local Government NSW
- DPC Evaluation Unit feedback on key program redesign elements, including the revised program guidelines and program logic

- Regional NSW Communications Team's advice and drafting of communication planning to support implementation of the program relaunch, and
- External subject matter experts from relevant NSW Government agencies (including the PWA, Department of Aboriginal Affairs, Department of Education and Destination NSW) to provide advice on the viability of applications.

While these resources did not have a direct cost to the program, they were required to administer the program. However, there was no budget or cost tracker developed for internal or indirect costs.

Consistent with best practice principles, the administration cost to government should generally be less than 5 per cent of the overall program budget. For a \$50 million program such as R4R Round Seven, this translates into \$2.5 million. While the exact cost cannot be estimated due to the number of un-costed resources, it is clear that the administration costs were well below \$2.5 million.

Appendix A: Document review

Key Evaluation Question (KEQ)	Documents reviewed
<p>1. How clear and consistent are the program's objectives?</p>	<p>NSW Regional Development Framework (2017)</p> <p>A 20-Year Economic Vision for Regional NSW (2018)</p> <p>Cabinet submission, R4R Round Seven Guidelines and Attachments (28/05/2020):</p> <ul style="list-style-type: none"> • Guidelines • Draft Program Evaluation Plan • Eligible LGAs and program funding <p>R4R Round Seven Program Guidelines (2020)</p> <p>R4R Round Six Program Guidelines (2019)</p> <p>Independent Probity Advice for Draft R4R Round Seven Program Guidelines</p> <p>Summary Report of R4R Strategic Review (November 2019)</p> <p>Sample of 22 applications and attachments (Community Strategic Plans, LGA Regional Planning)</p> <p>R4R Round Seven Application Form template</p> <p>R4R Round Seven Business Case template</p>
<p>2. How well was the program planned?</p>	<p>Summary Report of R4R Strategic Review (November 2019)</p> <p>R4R Round Seven:</p> <ul style="list-style-type: none"> • Program Guidelines • Program Evaluation Plan (PEP) • Draft program logic (January-March 2020) • Engagement Register (February-March 2020) • Risk Register • Sample of 22 applications and executed funding deeds <p>Data informed analysis of mining impactedness in regional NSW communities</p> <p>R4R Update, Directors Update to NSW Cabinet (27/02/2020)</p> <p>DPC Evaluation and R4R program team workshop – program mapping and program logic development</p> <p>Independent Probity Advice for Draft R4R Round Seven Program Guidelines</p>

<p>3. To what extent was the program implemented as planned?</p>	<p>R4R Update to Cabinet, PowerPoint presentation (5/05/2021)</p> <p>R4R Round Seven:</p> <ul style="list-style-type: none"> • Program Guidelines (2020) • Funding deed template • Eligible Councils webinar recording and questions (3 July 2020) <p>Summary Report of R4R Strategic Review (November 2019)</p> <p>Regional NSW briefing to NSW Cabinet, Recommended projects for R4R Round Seven funding</p>
<p>4. How well was information about the program communicated to the target audience?</p>	<p>Memo for NSW Deputy Premier – R4R Round Seven Communications Plan and Attachments (15/06/2020):</p> <ul style="list-style-type: none"> • Communications Plan • Media Frequently Asked Questions (FAQs) • Website Update • Outcomes Reporting Guidance Note • Frequently Asked Questions (FAQs) • Guidelines • Holding Lines <p>R4R Round Seven:</p> <ul style="list-style-type: none"> • Deputy Premier Media Releases (June, November 2020) • Deputy Premier’s Letter to eligible LGAs about R4R relaunch (24/06/2020) • Eligible Councils webinar recording, questions and registered participation (3 July 2020) • Deputy Premier’s Letter to Successful Applicants

<p>5. Are governance processes increasing accountability, fairness and transparency? To what extent were funding recommendations in line with published assessment criteria and how transparent were these decisions?</p>	<p>Brief to Regional NSW Deputy Secretary, Governance Documents for R4R Round Seven (24/04/2020), and Attachments:</p> <ul style="list-style-type: none"> • Assessment Methodology • Request Review Form • Eligibility Check Form • Assessment Criteria Check Form 1 • Assessment Criteria Check Form 2 • Summary Report • Probity Plan • Risk Register <p>R4R Round Seven:</p> <ul style="list-style-type: none"> • Published Guidelines (2020) • Frequently Asked Questions (FAQs) • Eligibility Criteria • Assessment Criteria • Assessment Methodology • Conflict of Interest Register • Assessment Panel training PowerPoint presentations • Public Works Advisory (PWA) Assessment Criteria 2 Responses • Minutes of Assessment Panel meetings • Process Flow Chart – Eligibility and Viability Check • Independent Probity Advice for Draft Program Guidelines • Assessment Panel meeting minutes • Assessment Panel endorsements • Community review requests and outcomes • Independent Probity Advice for Draft R4r Rd.7 Program Guidelines <p>DPC Evaluation, Document Review of R4R Rounds 5 and 6, Attachment A to the Interim Process Evaluation of R4R Fund, (December 2019)</p> <p>Regional NSW Briefing to NSW Cabinet, ERC Committee Recommended projects for R4R Round Seven funding (5 November 2020)</p>
<p>6. To what extent did funded projects define expected outcomes consistent with program outcomes and methods for measuring these outcomes? To what extent did the program collect project-level outcomes data and monitor data collection progress and quality?</p>	<p>R4R Round Seven:</p> <ul style="list-style-type: none"> • Program Guidelines (2020) • Program Evaluation Plan (PEP) including program logic (2020) • Outcomes Framework • Outcomes Reporting Guidance Note • Application form template • Funding deed template • Sample of 22 applications and executed funding deeds

7. How administratively cost-effective is the program?	R4R Rd.7: <ul style="list-style-type: none"> • Project Budget • Risk Register • Subject matter expert advice on projects (PWA, Aboriginal Affairs, Destination NSW and the NSW Department of Education)
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Appendix B: Staff and applicant surveys/interviews

DRNSW engaged ARTD Consulting Ltd. to design interview guides and conduct interviews with key stakeholders to collect and analyse data on whether the design and implementation of R4R Round Seven was appropriate, effective and efficient for delivery of the program's objectives.

Data collection was through interviews with applicants (eligible Councils, n=16), program staff and assessment panel members (n=6).

Surveys and interview schedules were developed in collaboration with DRNSW's Regional Programs Evaluation team. Interview guides were developed in response to the nine Key Evaluation Questions outlined in the R4R Round Seven PEP.

DRNSW provided ARTD with the contact details of all 24 Councils who were eligible to apply R4R Round Seven funding. ARTD completed interviews with 16 Councils who submitted successful applications. The sample was broadly representative of the applicant population across key NSW regions:

- Central West and Far West
- Riverina Murray
- Hunter & Central Coast
- Illawarra and Shoalhaven, and
- New England and North-West.

DRNSW identified and provided contact information for six program staff from the R4R program management team, the external assessor group and the assessment panel. ARTD conducted interviews with:

- 5 DRNSW staff,
- 1 Office of Local Government NSW staff member.

The sample was representative of the roles and experience of government officials involved in the program's refresh and administration in Round Seven.