Stronger Country Communities Fund Rounds 1 and 2 Final Process Evaluation

Economic Appraisal and Evaluation
Economics Branch
Strategy and Delivery Group
Department of Premier and Cabinet

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Contents

Executive Summary

The Stronger Country Communities Fund (SCCF) is a local social infrastructure grants program within the Regional Growth Fund, a major NSW Government initiative to grow local economies and improve services in regional NSW. The objective of the SCCF is to improve the lives of regional NSW residents and enhance the attractiveness of these areas as vibrant places to live and work.

The program aims to achieve its objective by funding small-scale social infrastructure in regional communities. In Rounds 1 and 2 of the SCCF program, $300 million was distributed to NSW regional communities through local Councils, funding 1,001 diverse social infrastructure projects across the State. As at December 2020, 555 of the 1,001 funded SCCF projects have been completed.

This report is the Final Process Evaluation report for Rounds 1 and 2 of the SCCF program and should be read in conjunction with the Interim Process Evaluation Report for this program. The report responds to the last two of ten process evaluation questions in the approved SCCF program evaluation plan. It considers whether the program is delivering the projects as contracted and if the program is delivering infrastructure that would not have been built otherwise or constructed at a later date.

Finding 1

SCCF Rounds 1 and 2 provided grants to 1,001 projects constructing social infrastructure in regional NSW. All of these projects have either delivered social infrastructure in regional NSW communities or are expected to, and largely align with project details as specified in the funding deeds. While the majority of funded projects have not been completed in the initial timelines identified in funding deeds, projects are still expected to deliver on the program objective.

Finding 2

The SCCF funded many social infrastructure projects in regional NSW that would not otherwise have been built and significantly improved the scale or brought forward the delivery of other planned projects. SCCF funding will leverage up to $84 million in funding contributions from other sources.

Introduction

The Stronger Country Communities Fund (SCCF) is a local social infrastructure grants program within the Regional Growth Fund program, a major NSW Government initiative to grow local economies and improve services in regional NSW. The objective of the SCCF is to improve the lives of regional NSW residents and enhance the attractiveness of these areas as vibrant places to live and work.

The program aims to achieve its objective by funding small-scale social infrastructure in regional communities. In Rounds 1 and 2 of the SCCF program, $300 million was distributed to NSW regional communities through local Councils, funding 1,001 diverse social infrastructure projects across the State. As at December 2020, 555 of the 1,001 funded SCCF projects have been completed.[1]

This report is the Final Process Evaluation for Rounds 1 and 2 of the SCCF program and should be read in conjunction with the Interim Process Evaluation Report for this program. The report examines the last two of ten formal process evaluation questions in the approved SCCF program evaluation plan. It considers whether the program is delivering the projects as contracted and if the program is delivering infrastructure that would not have been built otherwise or constructed at a later date.

Background to this Report

The SCCF final process evaluation was undertaken by the Department of Premier and Cabinet's Program Evaluation Unit (PEU) in accordance with the SCCF Program Evaluation Plan and complying with evaluation standards established by the NSW Program Evaluation Guidelines (2016). This report is the formal output from the final evaluation.

The SCCF evaluation plan details the agreed program logic as well as 14 agreed evaluation questions, 10 of which are directed to the evaluation of program processes.

The SCCF Rounds 1 and 2 Interim Process Evaluation Report made findings and recommendations for the first 8 of 10 process evaluation questions. This report, the Final Process Evaluation report, covers the last two of the ten process evaluation questions.

This evaluation is based on program documentation and the responses of program staff and stakeholders to evaluation survey questions.

The methodology used to address evaluation questions 9 and 10 involved analysis of the SmartyGrants database for SCCF as well as a review of relevant program documentation stored outside SmartyGrants in the electronic document storage system (Objective). PEU evaluators had unrestricted access to SCCF program documentation over the period of this evaluation. See Appendix 1 – SCCF Final Process Evaluation Methodology for more detail of the evaluation methodology.

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[1] Analysis of SCCF program completions data, Objective No. A4284595.

SCCF Process Evaluation Questions

Evaluation Question 1.   Did the program have clear and consistent objectives? *(Interim Report)*

Evaluation Question 2.   Was the program appropriately planned? *(Interim Report)*

Evaluation Question 3.   Was information about eligibility, the application process and project reporting requirements well communicated to the target audience? *(Interim Report)*

Evaluation Question 4.   Were project approval decisions transparent and in line with eligibility and assessment criteria? *(Interim Report)*

Evaluation Question 5.   Did funded projects identify specific and measurable outcomes in their proposals? *(Interim Report)*

Evaluation Question 6.   Were mechanisms in place for outcome achievement to be assessed and appropriate KPI's identified and monitored? *(Interim Report)*

Evaluation Question 7.   Was the program adequately resourced to undertake its planned activities? *(Interim Report)*

Evaluation Question 8.   How effective were the program's governance arrangements? *(Interim Report)*

Evaluation Question 9.   Was project funding used to build infrastructure as specified in the funding deed and attachments? *(This Report)*

Evaluation Question 10. Did the funded projects realize infrastructure that would not otherwise be built or significantly improve the scale or timing of a project? *(This Report)*

Evaluation Questions

9. Was project funding used to build infrastructure as specified in the funding deed and attachments?

Finding 1
SCCF Rounds 1 and 2 provided grants to 1,001 projects constructing social infrastructure in regional NSW. All of these projects have either delivered social infrastructure in regional NSW communities or are expected to, and largely align with project details as specified in the funding deeds. While the majority of funded projects have not been completed in the initial timelines identified in funding deeds, projects are still expected to deliver on the program objective.

SCCF is expected to deliver 1,001 community infrastructure projects

Rounds 1 and 2 provided grants to 1,001 projects constructing social infrastructure in regional NSW. Round 1 funded 279 projects and Round 2 funded a further 722. Of the 1,001 funded projects, 555 (55 percent) have been completed.[2] Funded projects are expected to deliver social infrastructure in regional NSW communities, more or less as specified in funding deeds.

Figure 1 Funded projects by SCCF Round

SCCF Round	Funded Projects
Round 1	279
Round 2	722
TOTAL	1,001

Source: Analysis of SmartyGrants program data

Variations to project funding deeds were common

To date, 567[3] Round 1 and 2 SCCF projects have requested variations to their funding deed, for one or more of the following reasons:

- Change to the scope of the project
- Extend the time within which to deliver the project
- Request alternate use for unspent funds
- Move a deliverable between project delivery milestones[4]

Changes to scope and time were the most common variations made to SCCF funding deeds.

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[2] Analysis of SCCF program completion data, Objective No. A4284595.
[3] Analysis of SCCF program variation data, Objective No. A4284596.
[4] Analysis of SCCF program variation data, Objective No. A4284596.

Figure 2 Project variations by type
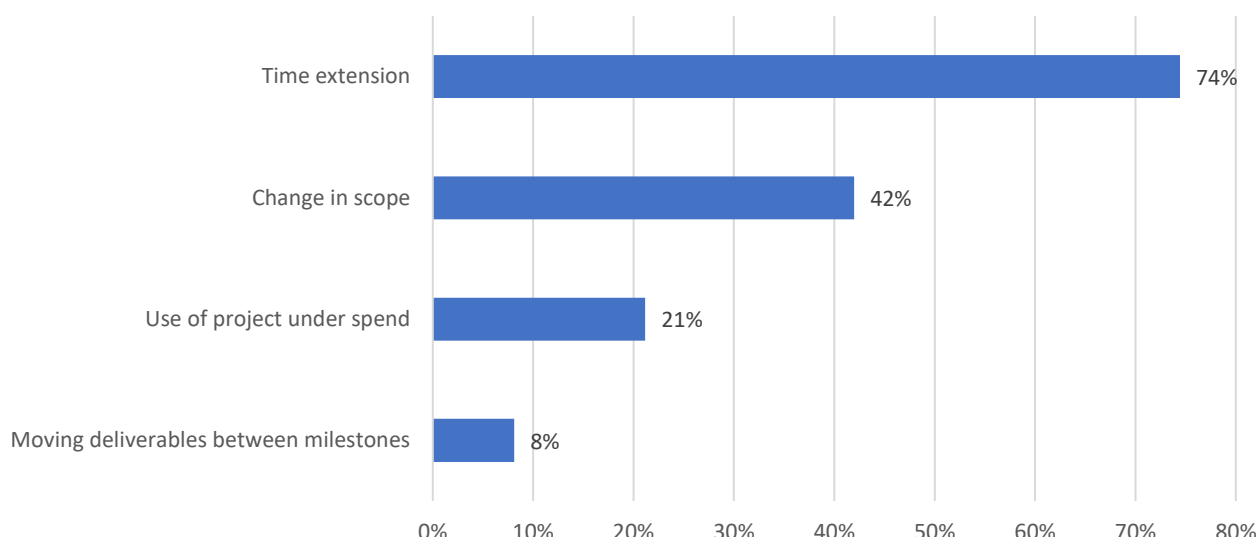
Source: Analysis of SCCF program variation data, Objective No. A4284596.

Time variations meant that projects were not delivered within the timeline specified in the initial funding deed

As illustrated in Figure 2, 74 percent of all project variations had an extension of time, which amounts to 422 projects of the 567 projects with variations. Of these projects, the average time extension was 8 months.[5]

Recent emergencies, such as COVID-19, contributed to delays in project timing

As detailed in Figure 3, of the 567 projects with variations, 198 (35%) were impacted by unforeseen emergencies including the COVID-19 pandemic, bushfires and drought. Impacts from COVID-19 and bushfire were the most common reasons cited.

Figure 3 SCCF projects impacted by emergencies

Natural Disasters	Number	Percent
Impacts of COVID-19	97	49%
Impacts of Bushfires	34	17%
Impacts of Bushfires, impacts of COVID-19	17	9%
Impacts of Drought, impacts of Bushfires, impacts of COVID-19	10	5%
Impacts of Drought	30	15%
Impacts of Drought, impacts of Bushfires	7	4%
Impacts of Drought, impacts of COVID-19	3	2%
Total	198	

Source: Analysis of SCCF program variation data, Objective No. A4284596.

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[5] Analysis of SCCF program variation data, Objective No. A4284596.

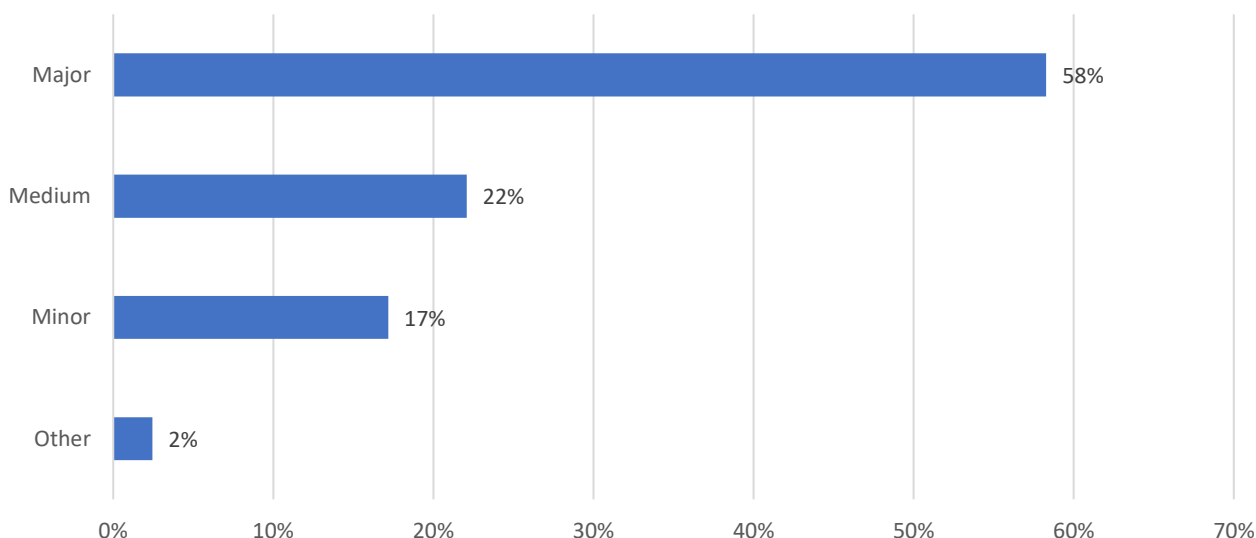**Projects with time variations will deliver community infrastructure in line with the program objective**

An extension of time means that these projects were not strictly delivered in line with the timeline as detailed in the original funding deed. However, insofar as these projects will still deliver community infrastructure, aimed at promoting community wellbeing, they are still expected to deliver on the objective on the program.

Scope variations mean that 24 percent of funded projects did not deliver infrastructure as specified in the initial funding deed

Figure 2 (above) illustrates that 42 percent (238) of projects with deed variations incorporated a change in scope. This equates to 24 percent of all funded projects (1,001). Noting that there is some variability in reporting and categorising of scope variations in program data, there have been 163 scope variations that were classified by scale across the two Rounds.

From the total of 163 scope variations identified, Figure 4 illustrates that 95 (58%) were considered major, 36 (22%) medium and 28 (17%) considered minor. An 'Other' category accounted for changes in use of funds and other administrative issues.

Figure 4 Project scope variations by scale

Source: Analysis of SCCF program variation data, Objective No. A4284596.

Projects with scope variations are scheduled to deliver community infrastructure in line with the program objective

Variations in scope have a risk of altering infrastructure to the extent that they do not fulfil the program objective. However, program data suggests this did not occur and variations did not substantially alter the fundamental type of infrastructure, only the mix of individual elements within projects.

Projects with 'Major' scope variations still delivered community use infrastructure but had some element of the project deliverable altered. There were often sound and unavoidable reasons for major scope changes, although in some cases, poor planning on the part of the proponent seems to have been a factor.

The cause of major scope variations for ten example projects illustrate a range of issues causing variations:

- Cost of Essential Energy utility work was far greater than expected
- Planning approval for a proposed bore was not received
- Need to add additional safety features
- Irrigation omitted in initial proposal and tree planting removed due to drought conditions
- Project site location changed due to community feedback
- Project scope was increased due to community feedback and master planning process, funded through additional grant and council funding
- Change in scope to rebuild rather than refurbish due to community feedback
- Partial funding was awarded to the project, which required a rescoping of the project
- Removal of a shower from deliverables. This element was not costed in the initial funding agreement and therefore no change to cost
- Project costs were under-estimated, and deliverables have been prioritised[6]

These examples illustrate that variations were often unavoidable, resulted in limited changes and in many cases may deliver better infrastructure. A review of all major scope variations found that these project changes are unlikely to have adversely impacted achievement of the program objective.

Program data findings are confirmed by project proponents

Project proponents were surveyed to understand their views as to whether their projects were delivered as agreed in the funding deed. These stakeholder consultations support the above analysis, that projects were delivered largely in line with funding deed requirements with some time delays.

The consultant findings concluded:

"Survey and interview evidence suggest that most projects were delivered in line with the funding deed, but many projects had fallen behind schedule. Ninety-four per cent of survey respondents reported that most or all the projects they were responsible for had been delivered according to the funding deed. However, over 60% of respondents from both rounds reported at least one of their projects had fallen behind schedule. Despite suggestions that many projects were behind schedule, only 1% of respondents reported that project expenses were significantly over the planned budget. However, survey respondents suggested that many projects required variation to the funding deed".[7]

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[6] Analysis of SCCF program variation data, Objective No. A4284596.
[7] SCCF R1&2 Interim Process Evaluation Report – Attachment B, p 29, Objective No. A3195545.

10. Did funded projects realise infrastructure that would not otherwise be built or significantly improve the scale or timing of a project?

Finding 2

The SCCF funded many social infrastructure projects in regional NSW that would not otherwise have been built and significantly improved the scale or brought forward the delivery of other planned projects. SCCF funding appears to have leveraged $84 million in funding contributions from other sources.

Rounds 1 and 2 of the SCCF invested $300 million in regional infrastructure

The SCCF Rounds 1 and 2 comprise a $300 million investment in regional NSW community infrastructure. Without this investment by the NSW State Government, the development of this infrastructure would fall largely on regional councils, many of whom may have budgetary pressures that would likely preclude investment in the SCCF funded projects. The magnitude of the SCCF program means that many of the funded projects would not have been undertaken or developed at a later stage.

SCCF grant funding allowed the construction of social infrastructure projects in regional NSW communities that would not otherwise have been built

SCCF program participants were surveyed about the additionality of SCCF funding in the delivery of community infrastructure. More specifically, survey respondents were asked about the proportion of their SCCF funded projects that would have been undertaken if SCCF funding had not been available. More than 95 percent of respondents said that none or only some of their projects would have proceeded without SCCF funding (Figure 5).

Figure 5 Survey Question: Would you have proceeded with these project(s) without this funding?

Response	SCCF Round 1 (n=99)	SCCF Round 2 (n=100)
All	4%	3%
Some	72%	71%
None	24%	26%

Source: Objective No. A3195545, SCCF R1&2 Interim Process Evaluation Report – Attachment B, p 32.

SCCF grant funding allowed many social infrastructure projects to be brought forward by several years and/or allowed improvements to the scale or design of these projects

Figure 6 illustrates that approximately 75 percent of respondents said that some or all of their SCCF funded projects were in planning stages prior to the program being announced. Conversely, 25 percent of respondents indicated that none of their funded projects were planned prior to the SCCF program.

Figure 6 Survey Question: Were these project(s) on your existing capital works plan or other development schedules or priorities prior to the program being announced?

Responses	SCCF Round 1 (n=99)	SCCF Round 2 (n=100)
All	16%	15%
Some	59%	59%
None	25%	26%

Source: Objective No. A3195545, SCCF R1&2 Interim Process Evaluation Report – Attachment B, p 31.

Program participants were also asked if the SCCF assisted to bring the development of projects forward in time. The survey indicated that SCCF funding had allowed most Councils (>80%) to do so.[8] Survey participants were also asked by how many years the SCCF funding had allowed their projects to be brought forward, as shown in Figure 7.

Figure 7 Survey Question: By how many years were these project(s) brought forward?

Response	SCCF Round 1 (n=83)	SCCF Round 2 (n=84)
1 year	19%	19%
2 years	27%	25%
3 years	18%	17%
4 years	7%	10%
More than 4 years	29%	30%

Source: Objective No. A3195545, SCCF R1&2 Interim Process Evaluation Report – Attachment B, p 32.

Finally, more than 70 percent of the council officers responding to the survey said that the SCCF funding had enabled them to increase the scale of the infrastructure that would have been built without funding.[9]

Taken together, the responses in this survey support a finding that program funding allowed the provision of small-scale local social infrastructure projects in regional communities. Many of these projects would not otherwise have been built, some would have been smaller in scale or would have been built later.

Provision of SCCF grants appears to have leveraged significant financial contributions from other sources

Figure 8 and 9 indicate that 464 (46 percent) of 1,001 social infrastructure projects in regional NSW that received SCCF funding also received financial contributions from other sources. In total, the $300 million provided by the SCCF program was supplemented with $84 million from other sources.

Figure 8 Sources of funding for projects funded by the SCCF program

Project Funding Sources	SCCF Round 1	SCCF Round 2	TOTAL
Funded entirely from SCCF	123	414	537
Some funding from other sources	161	303	464
TOTAL	284	717	1,001

Source: Analysis of SmartyGrants program data, Objective No. A4277690.

Figure 9 Total value of funding for projects receiving SCCF grants

SCCF Round	SCCF Funding	Funding from other sources	TOTAL
Round 1	$92,121,276	$28,203,930	$120,325,206
Round 2	$207,088,164	$55,974,344	$263,062,508
TOTAL	$299,209,440	$84,178,274	$383,387,714

Source: Analysis of SmartyGrants program data, Objective No. A4278524.

Respondents in the survey of program participants also said that Councils had drawn upon other funding partners for many SCCF projects. Forty-five percent of survey respondents indicated they had other funding partners for at least one of their projects. SCCF funding therefore facilitated additional contributions from other non-government sources.[10]

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[8] SCCF R1&2 Interim Process Evaluation Report – Attachment B, p 31, Objective No. A3195545.
[9] SCCF R1&2 Interim Process Evaluation Report – Attachment B, p 31, Objective No. A3195545.
[10] SCCF R1&2 Interim Process Evaluation Report – Attachment B, p 31, Objective No. A3195545.

Appendix 1: Evaluation Methodology

SmartyGrants database

SCCF program staff used the commercial web-based software "SmartyGrants" to manage the application and funding approval process, monitoring of progress through milestones as well as project acquittal procedures. The SCCF SmartyGrants database is the principal program management system for SCCF. All critical events in the SCCF program are recorded in this database for each project application, covering approvals, withdrawn or rejected projects. External links in this database cite relevant documents stored elsewhere.

Other SCCF Program documentation

During the course of delivery following the contracting of proposed projects, electronic documents were stored in the Objective filing system maintained by the Department of Premier and Cabinet. (Recently the SCCF Program staff have transferred to the Department of Regional NSW and it is expected that SCCF program documents will be stored in that department's electronic document storage system in the future).

Stakeholder Survey by consultants Clear Horizon Pty Ltd

The final process evaluation of the SCCF did not include any additional survey of program staff or program stakeholders. The DPC PEU contracted Clear Horizon Pty Ltd in 2018 to conduct a survey of SCCF program staff and relevant staff of 92 local councils in regional NSW. This survey included several questions directly addressing Evaluation Questions 9 and 10, the subject of this final process evaluation report.

The Clear Horizon survey provides the only available data obtained directly from program stakeholders concerning their perspectives on the monitoring of project delivery and contract management. Although this survey was undertaken at an early stage in program delivery (February 2019), the survey responses were nonetheless highly relevant to answering evaluation questions 9 and 10 of the Program Evaluation Plan.

Data structure and quality

There is potential for some variability in SCCF program data extracted from the SmartyGrants database. An example of data variability that has impacted this report is that project variations were classified by type. Projects classified as having a 'scope variation' were assigned a classification of the scale of change (minor, medium or major). Where projects had multiple classifications, including a 'scope variation', the scale was not recorded. This resulted in 'scale' data only being available for a subset of projects with a scope change.