

# EVALUATION OF THE DIGITAL RESTART FUND

Process Evaluation - Final Report

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### Urbis staff responsible for this report were:

Director	Dr Caroline Tomiczek Ben Barnes
Associate Director	Marita O'Toole
Senior Consultant	Dr Alannah Burgess
Consultant	Jayde Grisdale
Research Analyst	Greta Newman
Project code	P0035043
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# EXECUTIVE SUMMARY



# EXECUTIVE SUMMARY

## POLICY CONTEXT

The Digital Restart Fund (DRF, the Fund) was established in May 2019 to accelerate whole-of-government digital transformation. The Fund is housed within the NSW Department of Customer Service (DCS), which was created in 2019 to support greater customer experience for the citizens of NSW when they interact with the NSW Government. To date, \$2.2 billion has been allocated to the Fund, which has wholly or in part supported over 140 projects. \$824m of additional funding has been provided by NSW Government clusters to support the delivery of projects that are part-funded by the DRF.

The key objectives of the DRF are defined in the Digital Restart Fund Act (2020). These objectives are summarised below:

- develop and implement digital and ICT products or services for the purpose of improving the delivery of services by government agencies or that are capable of being used by multiple government agencies in a cost-effective manner
- optimise systems and processes used by government agencies to improve their functionality and operational life
- provide persons employed in or by a government agency with education, training relating to digital and ICT.

## EVALUATION OVERVIEW

The August 2021, DCS commissioned Urbis to undertake an independent process evaluation of the DRF. This is the first formal evaluation of the Fund and the findings of will inform future investment in digital transformation in NSW.

The purpose of the evaluation was to assess:

- Fund governance
- alignment of Fund activities to objectives
- extent of Fund fidelity and controls
- efficiency, effectiveness, and deficiencies of Fund delivery
- key achievements
- areas for improvement in the operation of the Fund.

A review of success measures was also specified in the evaluation requirements.

The evaluation was conducted between August and December 2021 and included a mixed methodology approach. This included a document review, a stakeholder survey and stakeholder consultation.

## KEY FINDINGS

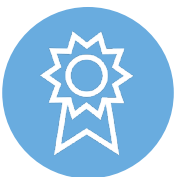
- There is a significant need for investment in digital transformation and ICT across the NSW Government and the DRF is supporting over 140 projects, including whole-of-government projects that improve customer experience for the citizens of NSW, build digital capability, enhance cyber resilience and create digital assets.
- The DRF is an important first step in rectifying the discrepancy between investment in physical versus digital infrastructure. The Fund has appropriately put digital infrastructure on the policy agenda and is contributing to overcoming an historical underinvestment in this area.
- The DRF is well-managed with strong governance processes. It is supported by staff who are committed to achieving the objectives of the Fund.
- The projects funded by the DRF are mostly aligned with Section 6 of the *Digital Restart Act 2020*, with 120 of 149 projects falling under the categories of Life Events, State Digital Assets, Legacy Systems Reform, and Digital Capability Building.
- While supporting good governance, the 'lean' business case process has been interpreted by some applicants as overly time and resource-intensive, and there are opportunities to improve this process to ensure requirements are clearly communicated and proportionate to the type and scale of funding.
- Assurance processes are robust for the size of the Fund. Reporting processes are mostly straightforward, however they are also at times duplicative.
- While benefits realisation is forecast at business case stage, and captured via the ICT Portal, there is scope to embed success measures and improve impact measurement of the Fund. Independent oversight on project delivery of all projects to ensure alignment of funds to outcomes would strengthen Fund credibility and contribute to the evidence base on effective digital transformation. The proposed success measures outlined on Page 37, may upon internal validation with key stakeholders, support high level impact measurement of the Fund.
- The prioritisation of projects, in a context of competing priorities and record government debt, merits greater transparency. A clear strategic focus, supported by operational guidelines and public transparency of funded projects and expenditure would support accountability and mitigate unmet expectations of cluster levies that have contributed funding to the DRF.

# RECOMMENDATIONS



## **Provide guidance and communicate expectations around the business case process**

The project-level business case requirements are at times not currently adequately tailored to the quantum of funding and level of risk, notably for seed funding projects. Some 'lean' business cases have been interpreted by project applicants to require significant effort. To set expectations, it is suggested that the DRF team provide guidance to projects including exemplar business cases and an overview of approval timelines.



## **Include benefits realisation in Business Cases and embed Fund-level success measures**

While approved measures have been collected since fund inception, further capturing Fund-level success measures would ensure that project successes could be celebrated and shared, and the funding balance across the four purposes be refined as necessary to maximise benefit. At minimum, it is suggested that a plan for measuring realised benefits for scale projects be attached to business cases. Consideration should be given to benefits, beyond financial impacts, and process measures (e.g. success of tendering process) should be included. Improvements to the capture of benefits will be crucial to making a case for Fund continuation and/or expansion. Key success measures have been proposed as part of this process evaluation.



## **Improve Fund strategic direction, operations and transparency**

The speed with which the Fund was introduced has meant that, while governance and assurance processes are robust, there are opportunities to improve Fund strategy, operations, and transparency. Ideally, when a prospective applicant or stakeholder initially interacts with the Fund, they should be able to quickly establish what the Fund is aiming to achieve, the nature of previously funded projects, and progress of the Fund against key success measures. In addition, it should be clear what is required through the application process, and what is likely to be required through implementation. DRF staff and external stakeholders should also be clear on their scope and the escalation process for issues as and when they arise should be clearly enunciated.

The Fund's strategic direction, operations and transparency could be improved through the following key first steps:

- (a) develop more detailed process guidelines and an investment standard, and make available on DRF website;
- (b) provide detail of funding allocation and project case studies on the DRF website;
- (c) finalise success measures and track progress publicly via a dashboard on the DRF website;
- (d) develop a tight and defensible strategic vision for the DRF that will contextualise the Fund, and the place of digital transformation within wider government policy priorities; and
- (e) communicate Fund eligibility criteria and prioritisation weighting across clusters to inform project selection.



## **Review and update progress reporting**

While the progress reporting of clusters is a crucial element of Fund governance, and the increased capture of benefits is supported, it is suggested that the process be refined to minimise duplicative reporting. It is also suggested that efforts be made to keep required content as consistent as possible and that key trends are reported back to clusters. It may also be useful to consider including detailed reporting template and instructions within the operational guidelines. Finally, the DRF team should explore and validate Fund-level success measures, which could be used to consistently track progress and achievements through implementation. A list of proposed success measures and next step for implementation has been provided on p.37 of this report.

# INTRODUCTION



# THE DIGITAL RESTART FUND IS A \$2.2 BILLION FUND ESTABLISHED BY THE NSW GOVERNMENT TO INVEST IN WHOLE-OF-GOVERNMENT DIGITAL TRANSFORMATION PROJECTS

## POLICY CONTEXT

Globally, digital transformation in government is accelerating.<sup>1</sup> Digital transformation is defined as “a process of adoption of digital tools and methods by an organisation,”<sup>2</sup> typically enabled through a combination of information, computing, communication, and connectivity technologies.<sup>3</sup> For governments, benefits from digital transformation include improved service performance, enhanced customer experience, streamlined operations, and the creation of new business models.<sup>4</sup>

The NSW Government is committed to harnessing technology to improve outcomes for its citizens and has made significant investments to accelerate whole-of-government digital transformation. Key initiatives since 2017 include:

- **NSW Digital Government Strategy** – Launched in 2017, the strategy outlined a vision to ‘transform the lives of the people of NSW’ through three digital priorities: 1) improving customer experience of government services, 2) better policies, services and decisions enabled by data insights, and 3) streamlined and simplified government processes.<sup>5</sup>
- **Department of Customer Service (DCS)** – DCS was established in July 2019 to deliver excellence in customer service, digital leadership and innovation in government services, and safe and secure markets.<sup>6</sup>
- **Delivery and Performance Committee (DaPCO)** – DaPCO is a committee of Cabinet that monitors and reviews the delivery of NSW Government priorities, election commitments, projects, programs and services, to ensure they are delivered in a timely manner, achieve value for money and optimise customer service.<sup>7</sup>
- **Beyond Digital** – In 2019, the NSW Government introduced *Beyond Digital*, a new whole-of-government digital and customer strategy focused on embedding customer commitments and outcomes. Programs and initiatives delivered by each NSW Government cluster are aligned to the five strategic directions to support the implementation of the strategy.<sup>8</sup>

## THE DIGITAL RESTART FUND

The Digital Restart Fund (DRF, the Fund) was established in May 2019 with an initial investment of \$100 million to accelerate a whole-of-government digital transformation.<sup>9</sup> In 2020, the NSW Government increased funding to \$1.6 billion over three years for the DRF to invest in iterative, multi-disciplinary approaches to planning, designing and developing digital products and services in NSW.<sup>10</sup> The DRF supports projects that utilise modern methodology and encourage customer-driven business transformation and collaboration across the NSW Government Sector.<sup>11</sup> The Fund promotes faster genuine customer outcomes, data sharing, digital ways of working and feedback, and is intended to complement existing investment approaches. Projects are eligible for DRF funding under four categories:

- **Life Events** – improve the customer experience of those accessing a service or product due to a life event
- **State Digital Assets** – are a product or service that can be used across multiple NSW Government agencies to ensure a consistent experience, reduce duplication and save costs
- **Legacy Systems Reform** – transform legacy systems to reduce development costs, risks and complexity and improve processes, data consistency and collaboration
- **Digital Capability Building** – provide new approaches to the learning and skill development of NSW Government employees.<sup>12</sup>

The DRF has two funding reservations: Cyber Security (\$240 million) and the Smart Places Acceleration Program (\$45 million).<sup>13</sup>

In June 2021, the NSW Treasurer announced an additional \$500 million investment in the Fund over 3 years from FY21/22.<sup>14</sup> The total government funding allocated to the DRF since 2019 is \$2.2 billion. In addition, as of November 2021, \$824m of additional co-funding has been provided by clusters to support the delivery of projects that are part-funded by the DRF.<sup>15</sup>

## THE DIGITAL RESTART FUND ACT 2020

The *Digital Restart Fund Act* was assented in 2020 and established the DRF in the Special Deposits Account. Under the Act, the purpose of the DRF is to provide digital and information and communications technology (ICT) initiatives across the government sector, to fund projects that:

- develop and implement digital and ICT products or services for the purpose of improving the delivery of services by government agencies or that are capable of being used by multiple government agencies in a cost-effective manner
- optimise systems and processes used by government agencies to improve their functionality and operational life
- provide persons employed in or by a government agency with education, training relating to digital and ICT.<sup>16</sup>

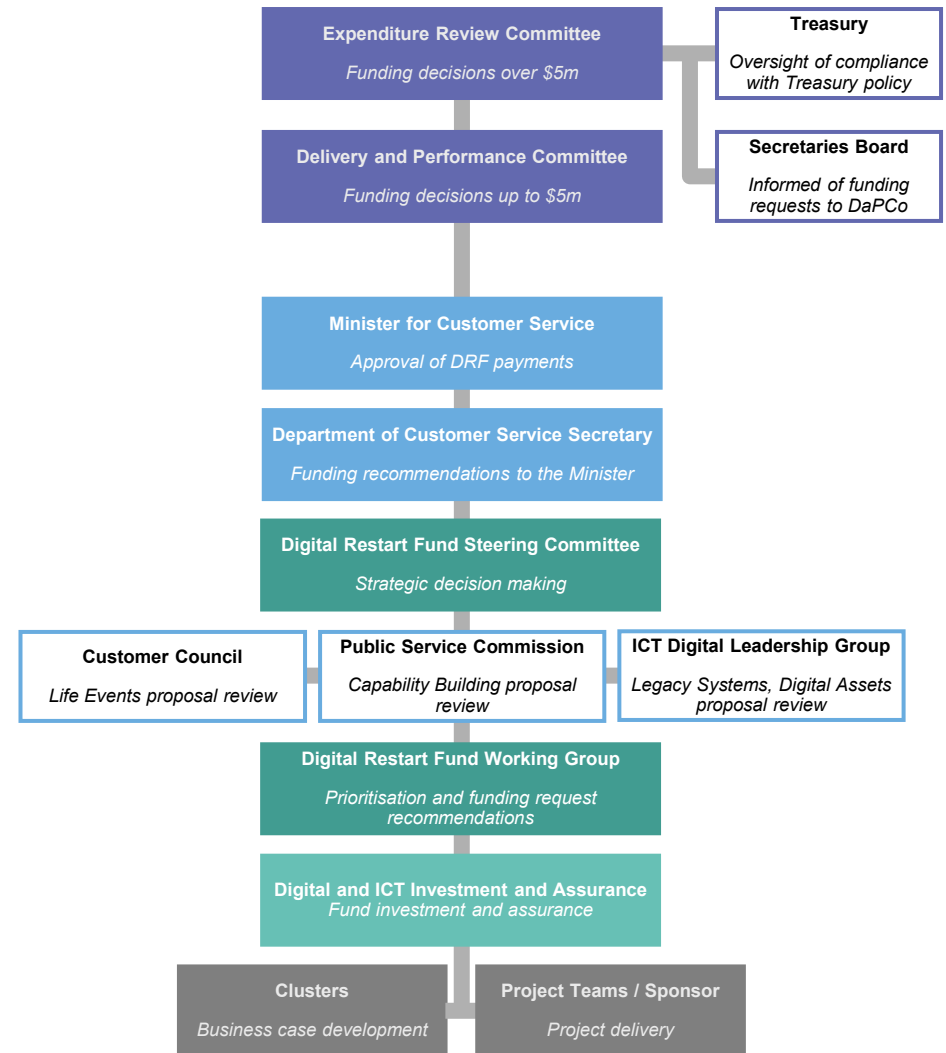


# THE DRF IS MANAGED BY MULTIPLE NSW GOVERNMENT ENTITIES WITH SEVERAL LAYERS OF FINANCIAL AND STRATEGIC OVERSIGHT

The DRF governance structure (Figure 1) defines the lines of accountability in place for the development, review and approval of DRF funding requests. Key roles and responsibilities at each level of governance are summarised below.

- **Expenditure Review Committee (ERC):** The role of the ERC is to approve the establishment of DRF, provide approval delegations to DaPCO, approve funding requests and review Fund performance.
- **DaPCO:** The role of DaPCO is to approve individual funding requests up to \$5m and authorise DCS to provide oversight and manage projects.
- **NSW Minister for Customer Service:** The role of the Minister is to approve payments from the Fund.
- **DCS Secretary:** The role of the Secretary is to make recommendations to the Minister for what payments should be made from the Fund.
- **DRF Steering Committee (SteerCo):** The role of the SteerCo is to guide DRF strategy and endorse investment priorities, provide oversight of portfolio delivery and review requests for DaPCO. SteerCo is governed by a terms of reference (TOR) which sets out its function, membership, meeting protocols and coordination with other governance groups. Membership comprises representatives from DCS, Treasury, Department of Premier and Cabinet (DPC), Department of Regional NSW, and Infrastructure NSW.
- **DRF Working Group:** The role of this group is to provide recommendations related to prioritisation, funding requests and business case assessment. The group is governed by a TOR, with membership comprising representatives from DCS, Treasury and DPC.
- **DRF Customer Council, NSW Public Service Commission and ICT and Digital Leadership Group:** The role of these bodies is to prioritise project proposals before making recommendations to DaPCO.
- **Digital and ICT Investment and Assurance:** The role of this team is to provide investment and delivery advice. Other functions include to oversee the administration of the Fund, advise clusters on their business cases, prepare the cabinet submissions for DaPCO and the ERC, and provide secretariat duties for the Fund’s working group and SteerCo.
- **Clusters:** The role of clusters is to develop investment proposals and/or business cases, apply effective governance arrangements and comply with assurance and reporting requirements.
- **Project Teams/Sponsor:** The role of the Project Teams/Sponsor is to manage delivery and reporting and escalate to DaPCO via governance forums.<sup>17</sup> The Project Sponsor is also accountable for benefits realisation.

Figure 1 – DRF governance structure



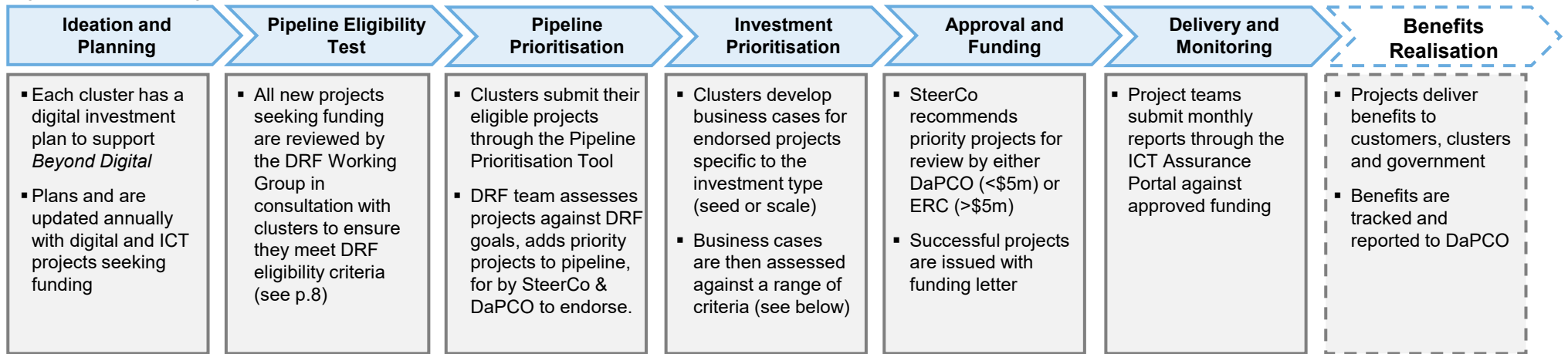
Source: Adapted from DRF Guidelines (2020)

# A SIX-STEP FUNDING PROCESS HAS BEEN DEVELOPED TO ENSURE THE PRIORITISATION OF DIGITAL AND ICT PROJECTS THAT OPTIMISE OUTCOMES FOR NSW

## THE DRF FUNDING PROCESS

The DRF’s funding process (Figure 2) defines the stages that projects undergo from the initial concept to monitoring and review. The process is designed to ensure the prioritisation of projects that meet DRF objectives and that are expected to deliver social and economic value to customers and government.

Figure 2 – DRF funding process



Source: Adapted from DRF Steps for Funding (2021), DRF Guidelines (2020)

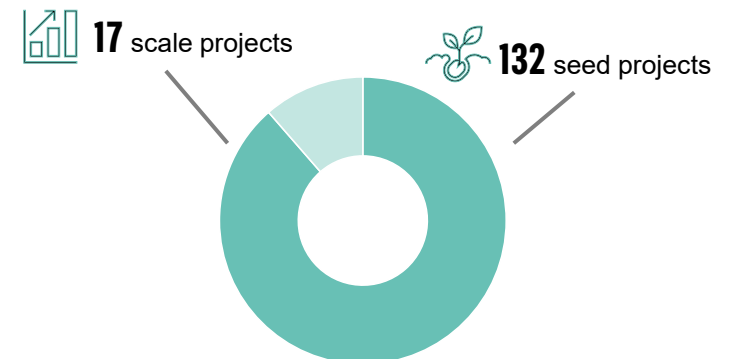
## THE BUSINESS CASE ASSESSMENT AND APPROVAL PROCESS

As noted above, once projects have been added to the pipeline, clusters must develop a business case for review and assessment by the DRF team. Projects that cost less than \$5m (seed projects) require a Lean Business Case, while projects that cost more than \$5m (scale projects) require a Full Business Case. Business cases are weighted to allow for comparison and assessed against the following criteria:

- **Strategic alignment** to cluster and government priorities
- **Feasibility/deliverability** within existing capabilities
- **Economic viability** to ensure delivery of a net economic benefit to NSW
- **Affordability** to ensure costs are reasonable and accurate
- **Desirability** (social impact) to ensure the project will generate a positive impact on citizens

Following review of all business cases, a reason test is applied to ensure funding is spread across categories and geographies, with a target of one quarter of funded projects in regional NSW. Any necessary adjustments are made before funding approval is sought from DaPCO for seed projects and ERC for scale projects.

## OVERVIEW OF DRF FUNDED PROJECTS



# AN EVALUATION WAS UNDERTAKEN TO ASSESS THE GOVERNANCE, MANAGEMENT AND OPERATIONS OF THE DRF AGAINST TWO KEY PROCESS EVALUATION QUESTIONS

## THIS EVALUATION

DCS has commissioned Urbis to conduct a process evaluation of the DRF and identify a set of proposed success measures with which to measure the existing and future achievements of the Fund. The evaluation is being undertaken to assess: Fund governance; alignment of Fund activities to objectives; extent of Fund fidelity and controls; efficiency, effectiveness, and deficiencies of Fund delivery; key achievements; and areas for improvement in the operation of the Fund.

In consultation with DCS, a Theory of Change (Appendix A) and an Evaluation Framework were developed to guide the evaluation of the DRF. As set out in the Evaluation Framework, the process evaluation aims to deliver findings against two key evaluation questions (see Appendix B for the list of evaluation sub-questions):

- To what extent is the DRF delivering on its purpose prescribed in the Digital Restart Fund Act 2020?
- Are the current processes used to manage and govern the DRF efficient and effective, and what improvements can be made?

The evaluation was conducted over four stages from August to December 2021 (see Figure 3). The key data sources informing this report are:

- **Document analysis** of Fund operating guidelines, monitoring reports, and business case examples to examine whether the Fund has been implemented effectively and to identify any barriers or challenges experienced by key stakeholders. A list of documents reviewed is provided in Appendix F.
- **Qualitative interviews** with Funded Project stakeholders (n=12) and Senior Government Stakeholders (n=21). Senior Government stakeholders include SteerCo delegates and representatives as well as senior staff from DCS, DPC and Treasury. The purpose of these interviews was to explore perspectives on the implementation of the Fund, including what worked, did not work, and any suggestions for improvement.
- **Survey with Funded Project stakeholders and DRF Team Members** to examine their experience with the Fund, including what worked, did not work, and any recommendations for improvement. A total of n=19 respondents completed the survey. Survey analysis was conducted in SPSS and Excel. A breakdown of survey responses and results can be found in Appendix C.

## LIMITATIONS

The following limitations should be considered when reading this report:

- Only a limited sample of participants were interviewed and not evenly distributed across clusters. As such, insights from participants may not be representative of wider Fund experience and impact. Further, only successful fund recipients were interviewed. No perspectives of unsuccessful applicants are included in this evaluation.
- There was limited uptake of the survey and therefore responses are not representative of all projects.

Figure 3 – Methodology overview



# KEY ACHIEVEMENTS



# THE DRF IS INVESTING IN PROJECTS THAT ADDRESS AREAS OF IDENTIFIED DIGITAL AND ICT NEED ACROSS THE NSW GOVERNMENT

### The DRF is funding and supporting the implementation of strategically aligned ICT and digital projects forecast to deliver at least \$2.38bn in total benefits

There was near universal agreement amongst stakeholders as to the key achievement of the fund to date: it is successfully funding and supporting the implementation of much needed digital and ICT projects that should have a significant benefit on either efficiency within the NSW government or on the people of NSW, or commonly both. Stakeholders' views on the need for investment in digital and ICT assets is supported by administration data, which shows that the fund has been oversubscribed since its introduction. Administrative data also shows that funded projects are aligned with Premiers Priorities and State Outcomes. Most notably, \$428 million has been invested in initiatives that fall under Government Made Easy (Premiers Priority) and \$366 million has been invested in Education Foundation for Success (State Outcome). Finally, business case data suggests that the Fund is forecast to deliver at least \$2.38 billion in total benefits to NSW.

The view that the DRF is funding worthwhile projects is further reflected in the survey results, where 11 of 15 respondents agreed the DRF supports the development of products and services for NSW citizens. Further, when asked about the strengths of the Fund, most respondents highlighted the opportunity that the DRF creates for clusters to access funding for much-needed digital and ICT projects. A small number of respondents also pointed to the focus on innovation as a key strength of the Fund that allows clusters to test new products and approaches.

### It is unlikely that projects funded through the DRF would be completed as quickly (if at all) in the absence of the Fund

Stakeholders were eager to note that projects funded through the DRF tended to be relevant, timely, and, most importantly, were unlikely to have been completed as quickly in the absence of the Fund. Some stakeholders drew attention to the benefits of the funding approach as much as the allocation of budget. Most commonly, stakeholders reported that a) the seed and scale approach allowed for the testing of innovative solutions, and b) the business case and tranche funding process means the projects funded should be aligned to the legislation and likely to realise their intended benefits. Some stakeholders cautioned, however, that it is early days, and that the success of the Fund is ultimately dependent on the extent of benefits realisation in coming years.

### Successfully supporting cross-cluster projects is the most significant achievement of the Fund

Stakeholders commonly drew attention to the funding of digital and ICT initiatives that span multiple NSW Government agencies or clusters (i.e. State Digital Assets). These stakeholders noted that, in their experience, multi-cluster projects, no matter how important, could get caught up in complicated bureaucracy, disagreements over funding allocation, and disjointed implementation. The DRF was viewed as circumventing these issues by allocating funding to a project, rather than to a specific cluster or agency (although noting that the projects would have a cluster lead). In addition, having the funding occur outside of traditional budget cycles was viewed as advantageous, as it would likely decrease competition across the clusters. Finally, the role of DCS in management and assurance of projects was perceived as beneficial, with stakeholders noting that support and accountability meant the projects were more likely to be completed and result in actual benefits than if the funds had simply been allocated to a cluster or several clusters through more traditional government funding processes.

“ [A strength of the Fund is the] *ability to access a pool of funding that enables significant reform for government priorities and NSW citizens that may not have been possible without the availability of the DRF*  
– Funded project stakeholder (survey)

“ [The DRF] *provides opportunities for innovative digital solutions to be scoped, developed and implemented.*  
– Funded project stakeholder (survey)

“ [The DRF offers] *a simple and efficient way to access funding, and [supports the] promotion of cross agency partnerships.*  
– Funded project stakeholder (survey)

“ [The DRF] *creates an imperative to modernise the way Government operates and provides services to its citizens.*  
– Funded project stakeholder (survey)

“ *As soon as you bring in some multi cluster processes it's hard, so it is really important that it's recognised. This is an opportunity to get some things done which couldn't have been done otherwise, but we have to accept that that comes with risk.*  
– Senior Government stakeholder

“ *The opportunity to span multiple clusters and deliver assets across the base is powerful, powerful, powerful.*  
– Funded project stakeholder

# THE DRF IS THE FIRST STEP IN ENSURING THAT DIGITAL INVESTMENT IS GIVEN THE SAME ATTENTION AS PHYSICAL INFRASTRUCTURE

Fund recipients and SteerCo members commonly reflected that the level of attention (and subsequent funding allocation) given to digital infrastructure by the NSW Government is very limited when compared to physical infrastructure, especially state significant projects such as major transport and service developments. Some stakeholders reflected that this represented a genuine and pressing need to update critical infrastructure across the state. Others were of the view, however, that the level of attention given to physical assets is at least partially driven by the perception that that are more likely to be 'noticed' by the public, positively influencing views on the NSW Government. Regardless, stakeholders were pleased and excited to note that the DRF was a crucial first step in tipping the scales toward digital infrastructure, both in terms of level of contribution and the Fund management and allocation process. Common themes to emerge in stakeholder feedback included:

- Simply having a fund devoted to digital transformation was thought to place it squarely on the State's policy agenda, sometimes prompting conversations and enabling projects not funded through the DRF. Stakeholders noted that the issue of cybersecurity had received increased consideration across government since the introduction of the DRF, even if this sometimes equated to agencies and clusters suggesting that insufficient DRF funds had been allocated to the sector.
- The seed and scale funding and allocation through tranches was typically viewed by stakeholders as broadly comparable to approaches taken to the funding of physical assets. This sent the signal that the NSW Government is committed enough to digital transformation to allow projects to fail through a seed funding phase.

Despite being generally pleased in the increase in allocation of funds to digital infrastructure, stakeholders also noted that there should continue to be a trend away from the focus on physical assets. Some made this point explicitly by comparing the level of spend across the two categories, with one fund recipient noting: "...if you stopped one big infrastructure project you could fund the entire backlog of digital [projects], so the mix is wrong". Senior government stakeholders with expertise in technology further suggested that by continuing to focus on funding digital solutions, NSW would be in line with the agendas of international governments and the private sector, which are increasingly alert to emerging digital initiatives and risks.

Some stakeholders cautioned that it is not productive to think about the distinction between physical and digital infrastructure in a binary fashion; rather the possibility for an increased funding allocations for digital lies in significant projects that span both categories. In particular, Fund recipients drew attention to projects funded under the \$45m allocated to the Smart Places Acceleration Program (e.g. ParknPay; Smart Kerbs), which were thought to be innovative, in line with the future direction of cities, and, importantly, likely to be viewed more positively by government and community than a back-end system.

“ There's still an imbalance between infrastructure investment and digital investment so I think one would hope that the Fund is demonstrating the power of investing in digital and the outcomes that we are achieving for citizens.  
– Funded Project stakeholder

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# WHILE MOST FUNDED PROJECTS ARE IN THE EARLY STAGES OF IMPLEMENTATION, THERE IS EVIDENCE TO SUGGEST POSITIVE IMPACTS ON GOVERNMENT AND CITIZENS

While stakeholders were not able to provide specific examples, fund recipients and SteerCo members observed that the DRF is already achieving intended outcomes, given a small number (n=29) of projects have been completed and demonstrated some rudimentary benefit realisation. However, there was a general acknowledgement when making this point that progress and outcome measurement to date has been sub-optimal and inconsistent. In addition, these stakeholders typically noted that an inconsistency in outcomes capture was an issue across the NSW Government, and that it was not surprising that improvements could be made to the DRF considering the haste at which the Fund was introduced. The capture of outcomes and benefits realisation is discussed further on p.26, 27 of this report.

Stakeholder views on early impacts is supported by program documentation, with the Portfolio Status Report (as at 27 July 2021) including the following key achievements:

- early evidence of high customer satisfaction, with a 9.5 net promoter score observed for interactions with the Year 6 to 7 Transition Digital Service
- data from the Year 6 to 7 Transition Digital Service and the Digital Tenant Lease projects suggest a timesaving of 1,741 working data per annum of customer time saving to date.

“ [Outcome measurements is] *ad hoc*, it's not really well oiled... it's probably [related to] the maturity of where [the Fund is] up to in the process of establishment but... there are set objectives of what we want to invest in so there is some reasonable data on jobs created, customer interactions, how many people are working in contemporary models... so of all the dimensions we've come across that we want to measure.

– Senior Government stakeholder

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– Senior Government stakeholder

# PROGRAM GOVERNANCE AND MANAGEMENT





# THE DRF APPEARS WELL-MANAGED WITH MULTIPLE LAYERS OF OVERSIGHT, AND GOVERNANCE STRUCTURES AND PROCESSES ARE EVOLVING OVER TIME

## Management and governance processes were developed as needed, evolving over time

Due to speed of development, the Fund commenced without a tested management and governance structure. All processes were therefore introduced quickly, evolving and improving over time. Overwhelmingly, stakeholders reported that the benefits of the Fund and investment in digital outweighed any operational challenges experienced, particularly as the critical governance functioned well. SteerCo was reported to be operating efficiently, with the timing of meetings appropriate and the information provided sufficient. SteerCo members were pleased that the committee included representatives from the different clusters and that discussions were respectful.

However, some stakeholders supporting or engaging with the Working Group noted frustrations around overturned decisions by the SteerCo. It was suggested that this could be related to a possible lack of communication and information sharing between these two groups and the higher strategic whole-of-government lens afforded by the SteerCo. It should also be noted that the Fund has a political overlay, where ministerial governance groups are empowered to overrule recommendations made by both groups.

## Continuing improvements are needed, to support agility, consistency, and learning from experience

The majority of stakeholders reported that the submission approval process was protracted. Fund recipients identified that it often took several months from their submission date for funds to be released (one stakeholder reported over eight months), which had implications for resourcing and project timelines. The detailed involvement of DaPCO and the ERC in the operation of the fund reportedly slowed down approval processes and reduced the agility of the fund. Fund staff reported significant improvements in submission time frames since the inception of the Fund noting the shift from annual to quarterly meetings and highlighted that COVID-19 has also impacted meeting agendas and priorities, at times causing delays.

Due to the evolving nature of the Fund, it is not surprising that several areas for strengthening were identified by stakeholders. Fund recipients commonly remarked that each time they interacted with the Fund, they tended to have a different experience. Some stakeholders also noted that feedback and advice from Fund staff was not always consistent. There was strong evidence that stakeholders did not have clarity on the Fund's governance and decision-making processes. The Fund has high level program guidelines (dated Aug 2020), and information about the application process is provided on the DRF website, however, many stakeholders requested that operational guidelines and detailed instructions be developed for future fund recipients, including key dates for submission and committee meeting dates.

“ If the idea of the DRF is to allow people to test, learn, and adapt then the Fund itself did that.  
– Senior Government stakeholder

“ It's fair to say that the methodology for the DRF evolved over time... there were some really good intentions which took a long time to get going and ... [the] amount of time and demands it was placing on ministers [was a reality]... but to have a really... agile process, bound up in a cabinet system delivery mechanism which is meeting quarterly, it means you're not really being agile.  
– Senior Government stakeholder

“ From what I could see there were umpteen people that had a look at [the business case] on its way through, it took a long while to get through the decision-making process and the approval process.  
– Funded Project stakeholder

# THE STRATEGIC DIRECTION OF THE FUND IS NOT WELL DEVELOPED, AND OPPORTUNITIES EXIST TO EMBED THE FUND WITHIN WIDER GOVERNMENT PRIORITIES

## At times, the DRF has seemed to lack strategic direction

According to stakeholders, the approach to distributing funds has become more strategic over time, however, some suggested that not enough was done to reserve money for future years or apply lessons learnt from one round of funding to the next. The Working Group, and to some extent the SteerCo, appears to have focused on the business cases that were submitted (a 'first in best dressed' process), rather than taking a strategic viewpoint across the whole of NSW Government. As a result, the funding was not necessarily allocated to projects that are valuable or strategic to NSW. The lack of a clear strategic direction may have also facilitated a situation that favoured larger clusters/agencies, which had the resources and time to develop their business cases.

There was a strong view that project prioritisation and selection should be more strategic, but this appears to have been hampered by the prioritisation process. Stakeholders reported that there was an initial consultation process to identify each agency/department's priorities as well as the whole of government priorities, but there were mixed views on the breadth and depth of consultation. The prioritisation process remains a point of contention for some stakeholders. It was suggested that clearer guidelines and greater transparency around eligibility criteria and weighting would support improved prioritisation processes. It is noted that high level eligibility criteria and investment prioritisation weightings are publicly available on the DRF website.<sup>19</sup>

“ I think they need to get better clarity in the intent of the Fund in what they want to achieve.. [They needed to] get rid of these different boxes to tick along the way and get rid of 'where it's come from?' and focus on 'where it's going to?' because at the end of the day projects are all about 'what's your objective?', 'where am I going to?' and 'what benefits will it deliver?'.

– Funded Project stakeholder

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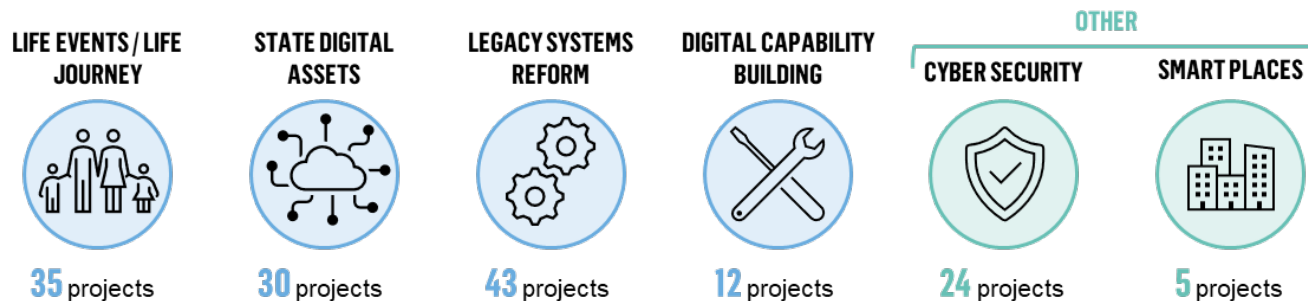
– Funded Project stakeholder

“ There is great opportunity for [the DRF] to be looked at in a more strategic overarching whole-of-government intent.

– Funded Project stakeholder

# DRF FUNDING IS GENERALLY ALIGNED WITH THE LEGISLATION AND FUNDING RESERVATIONS

The projects funded by DRF appear to be in line with the four purposes set out in Section 6 of the Digital Restart Fund Act 2020, or the two funding reservations, however, the number of projects focussed on digital capacity building is less than other categories. This is supported by feedback from senior government stakeholders, who consistently pointed out that while the current approval processes are sometimes viewed as overly onerous by applicants, they ensure that the level of alignment to the purpose enunciated in the legislation is relatively well-tested; most notably, by the SteerCo and Working Group.



There has been reported confusion around whether DRF funding should be directed towards projects that amount to business-as-usual ICT and in the area of cyber security. Several stakeholders viewed cyber as foundational to all government digital projects and platforms, and therefore not subject to ad hoc funding and business case scrutiny. Other stakeholders reported that the DRF had become an unintended catch-all funding source for ICT related projects across NSW Government, including projects that were at arm's length to the spirit and letter of the legislation. For example, it was noted that Treasury representatives were directing clusters to the DRF to apply for funding that would normally constitute core ICT infrastructure within existing budgets.

“ I think it is acknowledged that there has been a broadening and blurring of what is and isn't DRF.

– Senior Government stakeholder

“ The fact that there's money there is obviously a strength [but] balancing that against what appears to be a bit of an insatiable appetite for money to solve a whole range of ICT problems I think is [an] issue which... emerges in all of this, there's a bucket of money and then people descended upon it in their droves to try and get what they can out of it... I think we could be a little better [in trying] to manage some of the expectations which build up.

– Senior Government stakeholder

“ I think people are seeing 'cyber' and so therefore [trying] to bring to the Fund all [their] cyber issues but cyber issues are largely due to under investment and it's not necessarily the DRF that should be the answer to fixing the mess of the past.

– Funded Project stakeholder

## WHILE FUND RECIPIENTS SPOKE HIGHLY OF SUPPORT PROVIDED BY DRF STAFF, STAFFING LEVELS AND INTERNAL CAPABILITY APPEAR MISMATCHED WITH THE SIZE OF THE FUND

### **DRF staff have a strong understanding and commitment to achieving the objectives of the Fund**

Overall, there was positive feedback about support provided by DRF staff, who were reported to be responsive, helpful, and collaborative. The stakeholders were quick to recognise that staff were working successfully in a tough operating environment, considering Fund processes have evolved over time. Therefore, the issues raised by stakeholders typically related to the process rather than Fund staff.

### **DRF staff appear to be under pressure to respond to a Fund that has grown over time**

The DRF appears to be staffed by a small team, considering the size of the Fund. Stakeholders identified that the team is under a lot of pressure and, at times, relied on external consultants for assistance due to either a capacity or capability deficit. For example, a small number of stakeholders identified that there is a lack of fund management and/or investment management experience and capability in the DRF team. Increasing internal skills in these areas could increase commerciality and commercial rigour of the Fund (an issue noted previously).

“ They're definitely under-resourced... I know they're doing the best job possible [given] they're managing a process under development. They've also got stakeholders such as Treasury and DPC and the Minister's office all deciding what's important and what's not important.  
– Funded Project stakeholder

“ I think they've done the best they can in a very, very difficult environment. And I think they have tried to adjust things to accommodate [the] changing environment, I don't think I could have done any better than them, I don't have any complaint against the people who are running it in DCS, I think they're doing the best they can, probably as well as anyone could.  
– Senior Government stakeholder

“ I must be clear this is separate to how we find the people who are administering DRF at DCS, I respect the fact that they're probably under a lot of pressure in managing things, so whilst sometimes I get very short notices for information and requests, the fact that they have to follow this ungainly process I know that I can see that they're working really hard and working hard to try and support us, the speed of turnaround with their assurance for seed, for the lean business cases I think is excellent.  
– Funded Project stakeholder

# PROGRAM OPERATIONS



# THE BUSINESS CASE PROCESS COULD BE COMMUNICATED MORE CLEARLY TO FUNDING APPLICANTS

## Business case preparation could be better supported by the DRF team

As noted in the introduction to this report, projects that are successfully included in the DRF pipeline, proceed to either a full business case (if greater than \$5m) or lean business case (if less than \$5m). The DRF Working Group oversees the prioritisation process and reviews both full and lean business cases before they proceed to the SteerCo, then DaPCO (if less than \$5m) or ERC (if more than \$5m).

Many stakeholders from funded projects, the DRF SteerCo, and other senior government agencies, reported that the preparation of business cases for the DRF was a resource-intensive process and often did not correspond to the intended agility of the Fund. While projects of less than \$5m are intended to be 'lean business cases', most fund recipient did not consider this an accurate label given the length and complexity required. While the template for a lean business case is 4-5 pages, some project stakeholders prepared more comprehensive documentation, at times amounting to the detail of a full business case. Several fund recipients noted that the preparation of business cases diverted staff resources away from core business and was at times disproportionate to the quantum of funding sought.

Several stakeholders pointed to the value of the DRF team providing greater clarity around the business case process. Suggestions included clearer guidelines regarding what is and is not included, the distinction between seed and scale projects, exemplar business cases, clear timelines on approval processes, and improved regular communication between the DRF team and funding applicants between submission and funding approval. Similarly, a number of stakeholders pointed to improved templates, arguing they were not fit for purpose and at times amounted to "a square peg in a round hole". Feedback suggests there are opportunities to improve communication and engagement between the DRF team and funded projects on both the application process and associated timing.

Survey results provide further evidence that the business case process could be improved. For example, only nine of 15 respondents agreed that Guidelines were easily accessible, while just six of 11 respondents agreed that enough information was provided for them to write the business case with confidence. Similarly, less than half of respondents agreed the approval process was efficient (5 of 11), with four respondents reporting it took more than 25 weeks for their business case to be approved following submission. When asked how the Fund could be improved, most responses pointed to the need for simplification and/or greater clarity regarding the business case and approval processes. It is noted by Government stakeholders, including the DRF team, that unforeseen agenda items including the government's response to the COVID-19 pandemic have disrupted Cabinet dates and resulted in delays to approval processes.

“ I feel like the lean business cases themselves started off lean but then unfortunately some of the people reviewing those business cases, their entire background and experience is with a full business case and not a lean one... most of the lean business cases coming through these days are back to 30 pages in length which is my mind isn't a lean business case. It's becoming quite a substantial burden to be able to pull together business cases that are often for not much more than you know \$1 million or \$500,000, and writing a 30-page business case for a million dollars is probably not a good use of time.  
– Funded Project stakeholder

“ The processes are very demanding on agencies especially for scale funding where the methodology is well proven. Up front clarity on likely effort to complete a DRF process would be helpful. The guidelines for the DRF and all its various templates could be made clearer. For example, what operational technology can and can't be funded?  
– Funded Project stakeholder (survey)

“ Everything is resource intensive... it involves many resources just to be able to put together most of the paperwork that's required... it takes people away from BAU [Business As Usual] to do this to get the additional funding. – Funded Project stakeholder

# THE DRF HAS ESTABLISHED ROBUST ASSURANCE PROCESSES, BUT GOVERNANCE FUNDING DELEGATIONS AT TIMES DO NOT MATCH THE AGILITY OF THE FUND

## The iterative nature of seed projects requires flexibility and contingency funding

While it is noted that project budgets are outlined in the prioritisation process, some stakeholders noted that business cases did not afford options for contingency or enable flexibility for under or overspends in a context of experimental and agile project delivery. Others note that this led some projects to lean on department or cluster budgets to meet any shortfalls. DRF staff pointed out the intention of co-funding is to ensure government agencies have a vested interest in the project, including its maintenance and management beyond DRF funding. It was suggested by some stakeholders that, if the intention of the Fund is to encourage and accelerate innovation, there should be some funding set aside for these type of projects that may also emerge outside of major prioritization processes. DRF staff, however, highlighted that in September 2021 the Steering Committee committed \$25m of DRF funding to future priority projects.

## Tranche funding increases accountability

DRF decision-makers and key staff pointed to the important and innovative function of tranche funding and widely supported the positive shift that this represents in government spending. They noted the increased rigour and accountability brought to the Fund, and project documentation also clearly articulates the value of reducing government inefficiency and overspends on poor or underperforming investments.

## Governance funding delegations at times slowed progress of larger projects

Some senior stakeholders suggested that the oversight of DaPCO in the multi-stage review process for large projects was overly cumbersome and at times amounted to a 'handbrake' for the operation of the Fund. Projects are reviewed at quarterly meetings and funded project stakeholders noted that this meant they were sitting in a holding pattern waiting for funding approval. DRF staff noted the multi-stage review process applies to 12-15 projects of the total funded projects and cited the important accountability function that this review process affords to the delivery of funding. While overall the approval processes under the DRF are heralded as shorter than regular Treasury processes, many noted that the speed and flexibility of assurance processes could be improved.

“What people are complaining about the most is that the entire intent of the fund was to experiment, it was to save money... There is no expectation that there is any type of contingency on the request so that the number you put in your pipeline is what you are putting in your business case. If you put less money, you lose it, if you put more money, they can't give it to you so that's it.  
– Senior Government stakeholder

“Approval tranches seem to coincide with project delivery, making it hard to continue delivery without at least 3 months break in between (can't prove the business case if project still being delivered, then have to wait 3 months to submit for approval).  
– Funded Project stakeholder (survey)

“What's supposed to be a really agile process is bound up in a cabinet system delivery mechanism which is meeting quarterly, it means you're not really being agile.  
– Senior Government stakeholder

# FUNDING DISTRIBUTION AND PROJECT PRIOTISATION MERIT GREATER TRANSPARENCY

## Extent of funding levy on clusters has created funding expectations

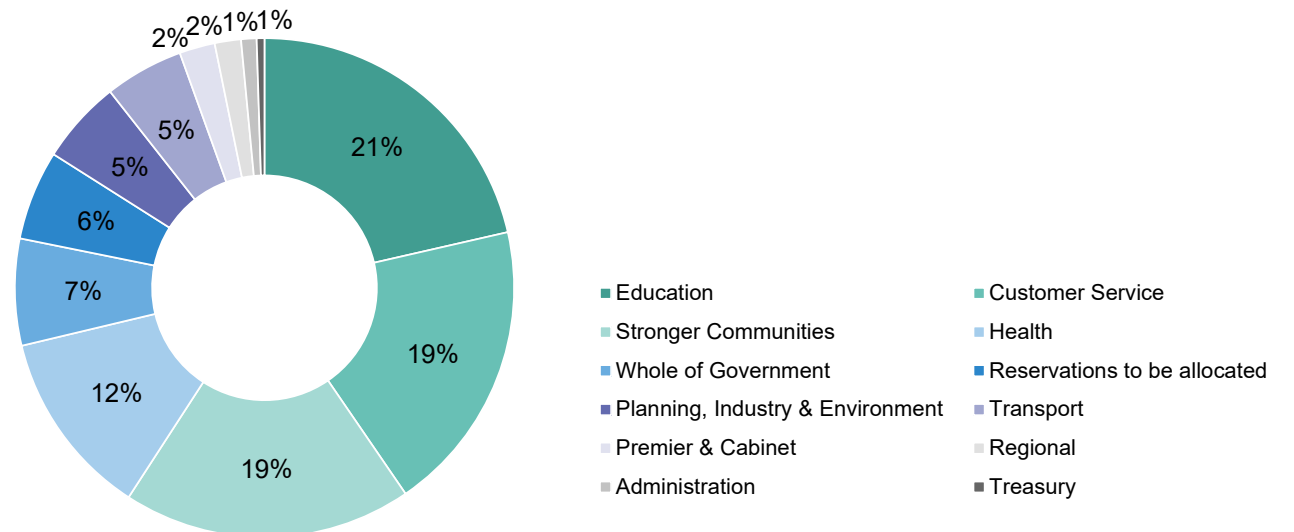
Of the initial \$1.6bn allocated to the DRF, \$600m or 38 per cent has been funded via cluster co-contributions (see Table 1), raising expectations of proportionate funding via DRF for the respective agencies. While information on cluster co-contributions toward the \$500m top up to the DRF was not available to the evaluation at the time of writing, the distribution of funding does not appear proportionate in all cases. As shown in Figure 4 below, the distribution of funding to Health, Education and Stronger Communities appears broadly proportionate (all were among the top four contributors to, and beneficiaries from the DRF). However, there are two apparent outliers: Transport, which accounted for one quarter of cluster co-contributions (24%), has only been allocated 6 per cent of funding; and DCS, which accounted for a three per cent of co-contributions but has been allocated one fifth of funding (19%).

Several stakeholders reported the equity challenges the co-contribution model provoked, which have been amplified by unclear eligibility criteria and competing priorities in a context of high demand for DRF funding. Conversely, SteerCo members had mixed views on the appropriateness of matching contributions with allocations, citing the whole-of-government higher strategic objectives of the Fund to promote digital transformation. As noted previously in this report, some “lighthouse” projects (those that span multiple agencies/clusters) are heralded as true success stories of the Fund, as stakeholders noted that without a whole-of-government lens to digital funding prioritisation, such projects would have been otherwise difficult to initiate and fund in regular budget processes.

Table 1 – Cluster co-contributions toward initial DRF investment (\$1.6bn)

Cluster	Contributions (\$m)	(%)
Health	175	29
Transport	144	24
Education	138	23
Stronger Communities	66	11
Planning, Industry and Environment	37	6
Customer Service	20	3
Regional	9	2
Premier and Cabinet	8	1
Treasury	3	1
<b>Total</b>	<b>600</b>	<b>100%</b>

Figure 4 – DRF total funding distribution (\$2.1bn)



“ We applied to the DRF because, to be blunt, we’re trying to recover the funds that have been taken from [government department]. Our preference would be to go to Treasury... [the department] contributed [percentage] of the recent allocation, what are we going to do, sit on our hands and let all the other clusters take it? ”

– Funded Project stakeholder

“ Originally one of the plans had been when we’ve got this money, we should share it equally or proportionately around agencies and I said to them that’s ridiculous.. you have this money to expedite the priorities for the government and not every single cluster agency is going to be a priority for government. ”

– Senior Government stakeholder



# FUNDING DISTRIBUTION AND PROJECT PRIOTISATION MERIT GREATER TRANSPARENCY

## [CONTINUED]

### Opaque prioritisation processes prompt shortcuts

Several stakeholders reported on the prioritisation tool developed to support rating of project applications and noted the inconsistencies generated. It was noted that several agencies have sought to crack the underlying algorithm in order to ascertain which weightings would favour projects for selection. The ambiguities in the prioritisation process support the need for greater transparency in eligibility criteria for the Fund, beyond the public information available on the DRF website. Numerous stakeholders cited their frustrations with prioritisation anomalies, where projects of low cluster priority outranked higher priority projects in DRF prioritisation processes. The process was described by some as a “black box”, and some non-DCS representatives felt out of the loop in deciphering eligibility. While not uncommon in a discretionary Fund, the competing priorities of the Minister, SteerCo and Working Group were also noted. The ambiguity of the prioritisation process was also evident in survey responses, with less than half of respondents agreeing the selection criteria was clear (5 of 11), while three disagreed.

High level prioritisation criteria are stated on the DRF website, and the DRF team highlighted the efforts made to ensure transparency around the eligibility and application criteria for the Fund. While the website details this information, stakeholder feedback suggests that further efforts to communicate the prioritisation criteria could mitigate perceived ambiguities and contextualise the role of DRF funding among existing cluster funding in ICT/digital. The DRF team further note that while clusters were provided with a tool and prioritisation criteria that was consistent with the whole of govt prioritisation process, many chose to override the central prioritisation, contributing significantly to discrepancy. Some team members further suggested closers need to understand that their priorities will not always rank high as DRF priorities, due to specific criteria used to align with DRF outcomes rather than cluster specific outcomes

“ I think we all accept there will always be some disconnect between what the State is aiming for as a priority and what an individual cluster is aiming to do, we are a State, and we all have to follow a particular direction. We're looking for some balance in that.  
– Funded Project stakeholder

“ I think people have started to see the Fund as the be all and end all of ICT and digital investment.  
–Funded Project stakeholder

# REPORTING REQUIREMENTS APPEAR STRAIGHTFORWARD BUT DO NOT ADEQUATELY ADDRESS BENEFITS REALISATION AND OUTCOMES MEASUREMENT

## Reporting requirements are relatively straightforward but can be repetitive and inconsistent

Fund recipients were in general agreement that, while progress reporting was generally straightforward, the requirements could be repetitive and inconsistent. Some stakeholders noted, for example, that specified data (including format and timing) for submissions to the ICT Assurance Portal seemed to be in constant flux. However, the DRF team note that portal requirements have been unchanged for several years. Others drew attention to the time commitment required for monthly progress reporting, outcomes budgeting reporting, and reporting to the Secretary or other cluster leadership.

The frustration of Fund recipients did not appear to be driven by the reporting per se, with most acknowledging that accountability in implementation of funded projects was a crucial part of good governance and indeed good government, especially given the size of the funding allocation. Rather, some Fund recipients were frustrated by the ad hoc nature of requirements and considered longer-term horizon reporting at times disconnected, hard to estimate, and failed to capture current achievements. However, these stakeholders did acknowledge that project reporting had improved significantly in recent months (for example, some stakeholders signalled improvements with the use of the Clarity project reporting system) and that streamlining processes was clearly an ongoing focus of the DRF team.

There was variation in the perceived burden and usefulness of DRF reporting requirements among survey respondents. Around half of respondents agreed reporting requirements were straightforward (6 of 11), while one disagreed. Similarly, nine of 15 respondents agreed that the reporting requirements were appropriate to measure progress toward project objectives, with slightly fewer agreeing that reporting requirements helped to inform or improve project delivery (7 of 15).

## Benefits realisation and outcomes measurement are under-developed, but this is a current focus for the DRF fund and leadership

A review of administrative data coupled with feedback from stakeholders suggests that current project progress reporting is unlikely to adequately capture benefit realisation of funded projects, with the primary focus centring on key milestones and financial accountability. In addition, direct measurement of key outcomes such as government efficiency and improved customers satisfaction appears rudimentary and draws upon existing data sources only (e.g. Net Promotor Scores). This is despite several projects being completed.

Finally, it appears that, in line with business cases, the extent of future benefits is sometimes overstated in reporting and includes no plan for measuring realisation. Overall, it was recommended greater scrutiny be placed on measurable benefits and that further investment be made in upfront benefits analysis at business case stage.

“ It is basic level reporting... [it's not a] complex landscape [but] it's a frustrating landscape because it's duplicated... Why do we have to put this information in the IAF portal and then have to go and do the same thing for the clarity reporting? ... it's a burden more than it's a benefit to the program.  
– Funded Project stakeholder

“ If I'm completely honest half the time the stuff I get from ICT assurance is a box ticking exercise. I don't actually understand where some of that value comes from. I understand we need to report but it would be really helpful if we understood what they were using the information for.  
– Funded Project stakeholder

# REPORTING REQUIREMENTS APPEAR STRAIGHTFORWARD BUT DO NOT ADEQUATELY ADDRESS BENEFITS REALISATION AND OUTCOMES MEASUREMENT [CONTINUED]

## The capture of benefits will be a focus on the Fund in 2022

DRF Project staff and leadership were also keen to point out, however, that the extent of reporting is always a balance: requirements should support implementation and assist in ensuring the forecasted benefits are realised while not overly burdening recipients. There was also a general agreement among SteerCo members and DRF leadership that building an approach for measuring benefit realisation at a Fund level and supporting capture of outcomes at a project level needs to be a priority for the Fund in 2022. Specific suggestions included ensuring that social and economic benefits are given equal weight and that the focus be on capturing improvements to government efficiency and customer experience through digital transformation. Several stakeholders further noted the capture of these benefits would be crucial to making the case of Fund extension and/or expansion.

DRF Project staff and leadership pointed out that the extent to which DCS were able to develop a systematic outcome measurement approach to date has been hampered by:

- the speed at which the Fund was introduced
- substantial variation in nature of funded projects, including the type and extent of direct influence on positive outcomes for government and citizens (e.g. funding of digital assets versus upskilling of public servants)
- the lack of maturity with regard to benefits realisation and outcome capture across the NSW Government.

“ We don’t necessarily collect 100 per cent of the data on the benefits and outcomes just yet... The way that [DCS] report on benefit realisation is more about what is expected than what has been achieved... we are getting a little bit [better] on tracking... and we are getting a little bit [better] on... collecting the realisation of those benefits but it’s early days.  
– Senior Government stakeholder

“ The smart groups were those who didn’t necessarily identify a direct benefit but identified indirect benefits. [Redacted example of large indirect benefits in business case]. So, it’s a valid economic calculation I’ve just given you there but it’s an indirect benefit but it’s quite a large indirect benefit. You compare that to the cost of \$5 million suddenly you’ve got a very attractive business case, and rate of return.  
– Funded Project stakeholder

“ We’ve been having a very active discussion internally in DCS about measuring the benefits and aligning them back to our strategic plan and making sure we can actually show the increments and [how they fit with an] outcomes-based budgeting approach... I wouldn’t say we’ve got it solved but we are stepping into it and we’re very keen to make sure that we put [that] in place – it’s one thing to be able to measure the effectiveness of a single project but... how do you aggregate that up across a portfolio to show how you’re driving your strategic plan?... that’s where we want to get to.  
– Senior Government stakeholder

# CASE STUDIES – SINGLE DIGITAL PATIENT RECORD



## SINGLE DIGITAL PATIENT RECORD<sup>20</sup>

**Cluster:** Health

**Project type:** Legacy Systems Reform

**Funding:** \$141 million (scale project)

### Overview

The Single Digital Patient Record (SDPR) seeks to provide clinicians with patients' comprehensive digital health information at the point of care. The platform will incorporate Electronic Medical Record (eMR), Patient Administration System (PAS) and Laboratory Information Management System (LIS) capabilities with the overarching aim of improving clinical safety and quality.

The case for change is driven largely by state-wide inconsistencies in information gathering that have developed since eMR technologies were adopted in NSW nearly two decades ago. With the NSW public health system now operating as a single legal entity, the current structure is no longer fit-for-purpose. Key risks posed by the current structure include variability in clinical workflows and practice and inefficient use of clinical time spent searching for and updating local patient records. By consolidating the eMR, PAS and LIS, the SDPR will address current need while also enabling the development of an integrated health data set which can potentially be shared across clusters to improve citizen services for the NSW population.

### Expected benefits

Implementation of the SDPR is expected to provide \$243.5 million in benefits to NSW. This includes \$53.83m in decrease in clinical incidents; \$9.31m in decreased avoidable episodes of care; \$79.53m in decreased time gathering and managing information; \$65.12 in additional benefits including avoided inefficiencies; and \$35.76m in reduction ICT provision cost. The SDPR will be rolled out incrementally across NSW Public Health Entities, and as such, benefits will only be fully able to be realised once implementation is complete.

# KEY CONSIDERATIONS FOR SUSTAINABILITY



# ONGOING FUNDING WOULD ENABLE THE DRF TO CONTINUE TO INVEST IN MUCH NEEDED WHOLE-OF-GOVERNMENT DIGITAL TRANSFORMATION PROJECTS

## There is a clear and continuing need for the Fund

The DRF has highlighted a demonstrable need and interest in project funding for digital investments across NSW, across a wide range of areas. Many stakeholders recalled a shortfall in historical investment in ICT and digital, and all stakeholders welcomed the increased attention afforded to funding in this domain. The Fund is supporting over 140 projects, and funded project stakeholders were uncertain if or when they would have been otherwise funded. The whole-of-government or cross-cluster projects were particularly celebrated by stakeholders, who cited the challenges of securing investment in projects in otherwise 'siloes' cluster budget processes.

However, it was commonly reported that the need for investment in this area is ongoing for new projects, otherwise difficult to fund pan-government projects, and for the maintenance of digital assets and platforms that have been created out of the Fund. Similarly, a number of stakeholders reported the need for a visible pipeline of funding in order to leave space for agencies, in particular smaller or less centralised agencies, to map and plan their digital investment areas of priority.

## The legacy of the Fund continues beyond the current funding allocation

Several stakeholders noted that many, or most, projects funded by the DRF had not given due consideration to the ongoing operational costs beyond development. The development of digital assets necessitates ownership and responsibility across the clusters to ensure relevant staff capabilities and resourcing is available to support the ongoing maintenance of digital assets. It should be noted that this cost is currently outside the scope of the Fund.

Irrespective of whether the NSW Government injects additional funding in the DRF, stakeholders noted that further consideration is needed of how, and by which agency, digital assets will be maintained into the future. Projects that span multiple agencies, and which otherwise would have had a low likelihood of prioritisation, merit particular attention. It was suggested that this could include consideration in DCS's forthcoming Roadmap for State Digital Assets.

If the Fund is not ongoing, which is not suggested by this Evaluation, DCS and the NSW Government will need to provide clarity on the future source of funding for projects in this domain. This may involve a relative portion of cluster budgets set aside for digital transformation to avoid ad hoc investment and provide funding certainty as the NSW Government serves its citizens in an emerging digital age. There is also, arguably, some scope to explore digital infrastructure as an extension of physical infrastructure. This would be particularly applicable for Smart Cities or some Life Journey projects.

“ The establishment of the fund is a big signal about where government is going and the fact that there are resources available for what's a really critical transformation. And secondly the approach to it in terms of the proof of concepts, the pilots, the stage gating has been a really big shift.

– Senior Government stakeholder

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– Senior Government stakeholder

## A TIGHTER STRATEGIC FOCUS FOR THE FUND IS NEEDED

### A clear strategic vision will define the scope of DRF within NSW Government priorities

The strategic focus of the DRF has evolved over time and many stakeholders reported insufficient clarity in the eligibility criteria for the Fund leading to confusion in the pipeline prioritisation process. In a tight fiscal environment in the wake of COVID-19, greater focus should be articulated on what is within the scope of the Fund, as distinct from ICT business-as-usual core funding within cluster budgets. Despite the publicly available information on the DRF website around project eligibility and prioritisation, stakeholder feedback indicates the need for clearer communication and information dissemination about the parameters of the DRF but also where it sits within the 'Beyond Digital' strategy for the NSW Government. Despite any reported shortcomings of the governance or operation of the Fund, all stakeholders conferred on its high and worthy priority.

While cyber funding was approved by DaPCO and the ERC for inclusion in the Fund, several stakeholders reported disagreement that the Fund direct resources to cyber security, noting instead funding in this area should be secured via recurrent base funding.

A tighter strategic focus would be supported by the development of detailed Process Guidelines and stringent governance and assurance processes with a view to aligning these with the intended agility of the Fund. Some stakeholders sought greater transparency on which projects have been funded by the DRF, this would serve both the interests of applying agencies to understand the nature and scope of successful projects but also the public interest in having oversight of government investment in digital transformation which in large part directly or indirectly serves citizen interests. It is noted by the evaluators that since completion of the evaluation the DRF Annual Report was published on the DRF website (December 2021). In light of feedback received, it is recommended the content of the Annual Report be supported by a communication strategy to disseminate the content.

Finally, if the current funding model continues whereby clusters contribute portions of their budgets to contribute to the DRF (against a backdrop of record government debt), further clarification is needed around how and in what ways the Fund will seek to equitably distribute funding. The digital maturity across clusters is not uniform, and the process of applying for funding and preparing Business Cases and ultimately delivering and reporting projects is resource-intensive. The labour costs of preparing unsuccessful bids are also unquantified.

“ I think we need a very, very targeted focus and right now the eligibility [to the Fund] is too wide... it is turning into just another funding source rather than something more targeted and I think we need to return to that. That means we need to have better gatekeeping in terms of time management of the business cases, eligibility of the business cases and having a strategy, a theme running through all the different projects.

– Senior Government stakeholder

“ This shouldn't have been a pot of money to go and fix the things that you didn't budget against, it should have been forward looking.

– Funded Project stakeholder

“ How to improve it: focus on the outputs and the lofty goals, get rid of the bureaucracy, get clearer end stage gates, get rid of all the different ways of slicing and dicing and just focus on the 4 or 5 criteria that should be there for the DRF. Establish and communicate clear guidelines and stage gates as to what's required by whom and by when. And be more transparent in the decision making, get off the [prioritisation] tool.

– Funded Project stakeholder

“ I think being a bit clearer about the whole question of ...in terms of what's fair, particularly if the expectation is that the clusters are going to sort of dip into their pockets to fund this.

– Senior Government stakeholder

# CONCLUSIONS, RECOMMENDATIONS AND KEY SUCCESS MEASURES





# DRF IS A GENERALLY WELL-GOVERNED PROGRAM THAT IS ACCELERATING COST-EFFECTIVE DIGITAL TRANSFORMATION IN NSW

In line with international trends, the NSW Government has recently placed increased focus on whole-of-government digital transformation. Key initiatives have included the introduction of a digitally-focussed government department (DCS), the development of a whole-of-government digital and customer strategy (Beyond Digital), and the establishment of the DRF in 2019. Since its introduction, the DRF has successfully funded over 140 projects across the categories of Life Events, State Digital Assets, Legacy Systems Reform, and Digital Capability Building, as well as specific Cyber and Smart Places projects. The funding of State Digital Assets that adopt innovative methodologies and are likely to have significant impacts on efficiencies within multiple clusters, as well as on the people of NSW, is a key achievement of the Fund.

The DRF was introduced with minimal preparatory work and grew significantly with little notice. It is therefore not surprising that the management and governance processes have been embedded and refined through early implementation. The need to expediate digital transformation (as well as the post-lockdown economy) was, on balance, more important than setting in place strict operational parameters, however, there is an expectation amongst stakeholders that DCS should turn its attention to the establishment of Fund guidelines, ensuring consistent, minimally burdensome interactions for clusters through the application, business cases and reporting processes. Transparent reporting of funding allocation (by cluster and priority areas) and outcomes tracking could also improve trust in the Fund.

The significant level of critical attention given to governance (e.g. SteerCo, Working Group), as well as the rigorous, collaborative process applied to project selection and tracking, means it is very likely that most supported digital and ICT projects will be completed on time, within scope, and on budget. Further, evidence collected for this evaluation suggests that while the projects may have been delivered in the absence of DRF, the fund expediated the process significantly. The directness of the expected contribution to genuine transformation varies significantly depending on project activity; however, all projects are expected to make a contribution – an assumption that is rigorously tested through the final business case process.

The success of the DRF to date can be attributed to:

- the commitment of the DRF team and other senior government stakeholders to quickly establish and commence implementation of the fund with all essential governance in place
- the rigorous (although relatively opaque) prioritisation and business case processes, which ensure that projects are most likely to be successfully completed and return benefits to NSW
- the collaboration across clusters prompted through supporting State Digital Assets via a discretionary fund, rather than cluster-specific allocations.

Although the DRF Act ascended after the introduction of the Fund, it appears to be delivering on the legislation. It is early days, however, and the true level of alignment in terms of achieved outcomes will become apparent over the next few years. Notable achievements to date include:

- projects funded by the DRF appear to be in line with the four purposes set out in Section 6 of the DRF Act; although only 12 projects have covered Digital Capability Building
- there has been significant investment in projects that span multiple clusters, prompting collaboration and whole-of-government improvements – this includes 30 projects classified as State Significant Assets.

There are three key areas for project improvement:

- there are opportunities to improve the strategy and operation of the DRF given the level of progress in implementation. Key areas for improvement include the development of an overall strategy beyond the legislation, formal operational guidelines, and a set of key success measures
- the lean business case and ongoing reporting processes are not tailored depending on funding allocation, due to DCS and Treasury requirements. This means the effort and funds dedicated are not proportional and can be overly burdensome given project risks and the extent of potential benefits
- measurement of benefit realisation is currently limited; however, this could be remedied through a) a requirement to specify a benefit capture measurement approach in the application process, b) clearer specification of success measures, and c) the conduct of project-specific outcomes evaluation or other methods of systematic benefits capture (e.g. health check and audits).

# EVALUATION ASSESSMENT

An assessment of the DRF against the process evaluation questions is provided in Table 2 below.

Table 2 – Evaluation assessment

Evaluation question	Key findings	Assessment
To what extent are the management and governance of the DRF appropriate?	The management and governance of the DRF is functioning well, particularly at the Working Group and SteerCo level. No major concerns were reported. All stakeholders provided positive feedback regarding the DRF staff.	Achieving
To what extent do the DRF success measures provide meaningful insights into the value of the DRF?	Measurement of success has been limited to date, however there is a future focus on capturing project level benefit realisation and Fund-level achievements, with a focus on government efficiency and improved customer experience. Proposed high level success measures have been drafted in conjunction with this evaluation and will need to be tested with relevant stakeholder groups prior to implementation.	Partially achieving
To what extent are the management and governance of the DRF being implemented well?	The management and governance has been embedded successfully and is meeting the needs of the Fund. There are some concerns that the Fund lacks strategic direction and commercial rigour.	Achieving
To what extent are the management and governance of the DRF efficient and effective?	Due to multiple governance committees, including DaPCO and ERC, approval processes can be protracted. However, given the quantum of funding and the involvement of multiple clusters and Treasury, this is to be expected.	Achieving
What have been the successes and challenges in managing and governing the DRF?	The successes typically identified related to the Working Group and SteerCo functioning as intended and the support and assistance provided by the DRF staff. Areas for improvement related to a better defined strategic direction for whole-of-government approach to digital transformation and operational guidelines.	Achieving
How can the management and governance of the DRF be improved?	Significant effort has been made to embed management and governance structure over time. Going forward, it may be beneficial to review the role of DaPCO and ERC.	Achieving

# EVALUATION ASSESSMENT

## [CONTINUED]

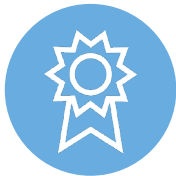
Evaluation question	Key findings	Assessment
To what extent are the operations of the DRF appropriate?	DRF operations are mostly appropriate, however there are opportunities to streamline current processes, formalise operational guidelines, and increase transparency regarding funding distribution, project prioritisation and selection.	Partially achieving
To what extent are the operations of the DRF being implemented well, including with fidelity and with appropriate controls in place?	It appears DRF operations are being implemented well and as intended, however there is some evidence that the DRF's funding and assurance processes do not match the stated agility of the Fund.	Achieving
To what extent are DRF investments in line with the purpose of the Fund as set out in Section 6 of the Digital Restart Fund Act 2020?	DRF investments are generally in line with the purpose of the Fund, however some concerns were raised that a proportion of DRF funding is directed towards projects that amount to business-as-usual ICT. It is also evident that a smaller allocation of funding has been granted to projects that aim to provide persons employed in or by a government agency with education, training relating to digital and ICT, compared with the other objectives set out in the Act.	Achieving
To what extent is it of benefit for clusters to be able to access DRF funds on a quarterly basis, compared to the traditional annual budget cycle?	The ability to access funding on a quarterly basis is beneficial and a welcome departure from traditional annual budget cycles.	Achieving
To what extent are the operations of the DRF efficient and effective?	DRF operations are somewhat efficient and effective, however there are opportunities for improvement. This development of formal operational guidelines would be beneficial.	Partially achieving
What have been the successes and challenges in delivering the operations of the DRF?	Key successes identified include the robustness of DRF's assurance processes and the current focus of the Fund's leadership on improving benefits realisation and outcomes measurement. Challenges related to the business case and approval process and the lack of clarity regarding funding distribution and project prioritisation.	N/A
How can the operations of the DRF be improved?	The operation of the Fund could be improved through formalising operations, streamlining the business case and approval process, improving capture of benefits realisation, and increasing transparency in decision-making.	N/A

# TO IMPROVE ACHIEVEMENT OF FUND PURPOSE, THE DCS SHOULD SUPPORT PROJECTS WITH THE BUSINESS CASE PROCESS, PROJECT REPORTING, AND DEVELOP PROCESS GUIDELINES



### Provide guidance and communicate expectations around the business case process

The project-level business case requirements are at times not currently adequately tailored to the quantum of funding and level of risk, notably for seed funding projects. Some 'lean' business cases have been interpreted by project applicants to require significant effort. To set expectations, it is suggested that the DRF team provide guidance to projects including exemplar business cases and an overview of approval timelines.



### Include benefits realisation in Business Cases and embed Fund-level success measures

While approved measures have been collected since fund inception, further capturing Fund-level success measures would ensure that project successes could be celebrated and shared, and the funding balance across the four purposes be refined as necessary to maximise benefit. At minimum, it is suggested that a plan for measuring realised benefits for scale projects be attached to business cases. Consideration should be given to benefits, beyond financial impacts, and process measures (e.g. success of tendering process) should be included. Improvements to the capture of benefits will be crucial to making a case for Fund continuation and/or expansion. Key success measures have been proposed as part of this process evaluation.



### Improve Fund strategic direction, operations and transparency

The speed with which the Fund was introduced has meant that, while governance and assurance processes are robust, there are opportunities to improve Fund strategy, operations, and transparency. Ideally, when a prospective applicant or stakeholder initially interacts with the Fund, they should be able to quickly establish what the Fund is aiming to achieve, the nature of previously funded projects, and progress of the Fund against key success measures. In addition, it should be clear what is required through the application process, and what is likely to be required through implementation. DRF staff and external stakeholders should also be clear on their scope and the escalation process for issues as and when they arise should be clearly enunciated.

The Fund's strategic direction, operations and transparency could be improved through the following key first steps:

- (a) develop more detailed process guidelines and an investment standard, and make available on DRF website;
- (b) provide detail of funding allocation and project case studies on the DRF website;
- (c) finalise success measures and track progress publicly via a dashboard on the DRF website;
- (d) develop a tight and defensible strategic vision for the DRF that will contextualise the Fund, and the place of digital transformation within wider government policy priorities; and
- (e) communicate Fund eligibility criteria and prioritisation weighting across clusters to inform project selection.



### Review and update progress reporting

While the progress reporting of clusters is a crucial element of Fund governance, and the increased capture of benefits is supported, it is suggested that the process be refined to minimise duplicative reporting. It is also suggested that efforts be made to keep required content as consistent as possible and that key trends are reported back to clusters. It may also be useful to consider including detailed reporting template and instructions within the operational guidelines. Finally, the DRF team should explore and validate Fund-level success measures, which could be used to consistently track progress and achievements through implementation. A list of proposed success measures and next step for implementation has been provided on p.37 of this report.

# SUCCESS MEASURES

A set of proposed key success measures for the Fund is provided below in Table 3.

Table 3 – Success measures

	DRF objective (alignment to s4 of NSW DRF Act 2020)	Success measures	Key indicators	Progress	Next steps
1	s 4 (b) to facilitate whole of government digital transformation, including upgrading and standardising systems and processes used by government agencies	How is the Fund supporting digital transformation in NSW?	<ul style="list-style-type: none"> <li>Number of projects</li> <li>Scope of digital areas funded</li> <li>Quantum of investment</li> <li>Reach across clusters</li> </ul>	Achieving	<ul style="list-style-type: none"> <li>Make publicly available Fund expenditure and allocation data</li> </ul>
2	s 4(a) to improve the delivery of services by government agencies, including improving interactions between members of the public and government agencies involving digital and information and communications technology	What is the reach of projects funded by the DRF?	<ul style="list-style-type: none"> <li>Number of customers reached</li> <li>Geographical distribution of projects (regional, rural, metro)</li> </ul>	Partially achieving	<ul style="list-style-type: none"> <li>Amalgamated reporting on customer reach</li> <li>Amalgamated reporting on project geographical distribution</li> </ul>
3	s 4(c) to improve operational and cost efficiencies across the government sector	Are funded projects delivering benefit to the people of NSW?	<ul style="list-style-type: none"> <li>Forecast benefits realisation (social, economic, environmental)</li> <li>Benefits delivered</li> </ul>	Needs development	<ul style="list-style-type: none"> <li>CBA analysis, benefits realisation analysis including select independent oversight (for example for projects over a certain quantum)</li> </ul>
4	s 4(a) to improve the delivery of services by government agencies, including improving interactions between members of the public and government agencies involving digital and information and communications technology	In what ways is the Fund supporting positive changes to the people of NSW?	<ul style="list-style-type: none"> <li>High level project achievements (e.g. life events projects)</li> </ul>	Partially achieving	<ul style="list-style-type: none"> <li>Measures to assess citizen/customer satisfaction should be built into DRF applications (e.g. time savings, number of paper based projects digitised)</li> </ul>
5	s 4(c) to improve operational and cost efficiencies across the government sector	In what ways is the Fund improving government efficiency?	<ul style="list-style-type: none"> <li>High level project achievements (e.g. efficiency projects)</li> </ul>	Partially achieving	<ul style="list-style-type: none"> <li>Measures to assess efficiency in Government should be a mandatory inclusion in DRF applications (e.g. internal productivity efficiencies)</li> </ul>
6	s 4 (b) to facilitate whole of government digital transformation, including upgrading and standardising systems and processes used by government agencies	In what ways is the Fund supporting Government resilience and digital placemaking?	<ul style="list-style-type: none"> <li>High level project achievements (e.g. cyber maturity uplift, Smart Cities)</li> </ul>	Partially achieving	<ul style="list-style-type: none"> <li>Measures to assess uplift in cyber maturity, cyber infrastructure and ICT resilience, place making</li> </ul>

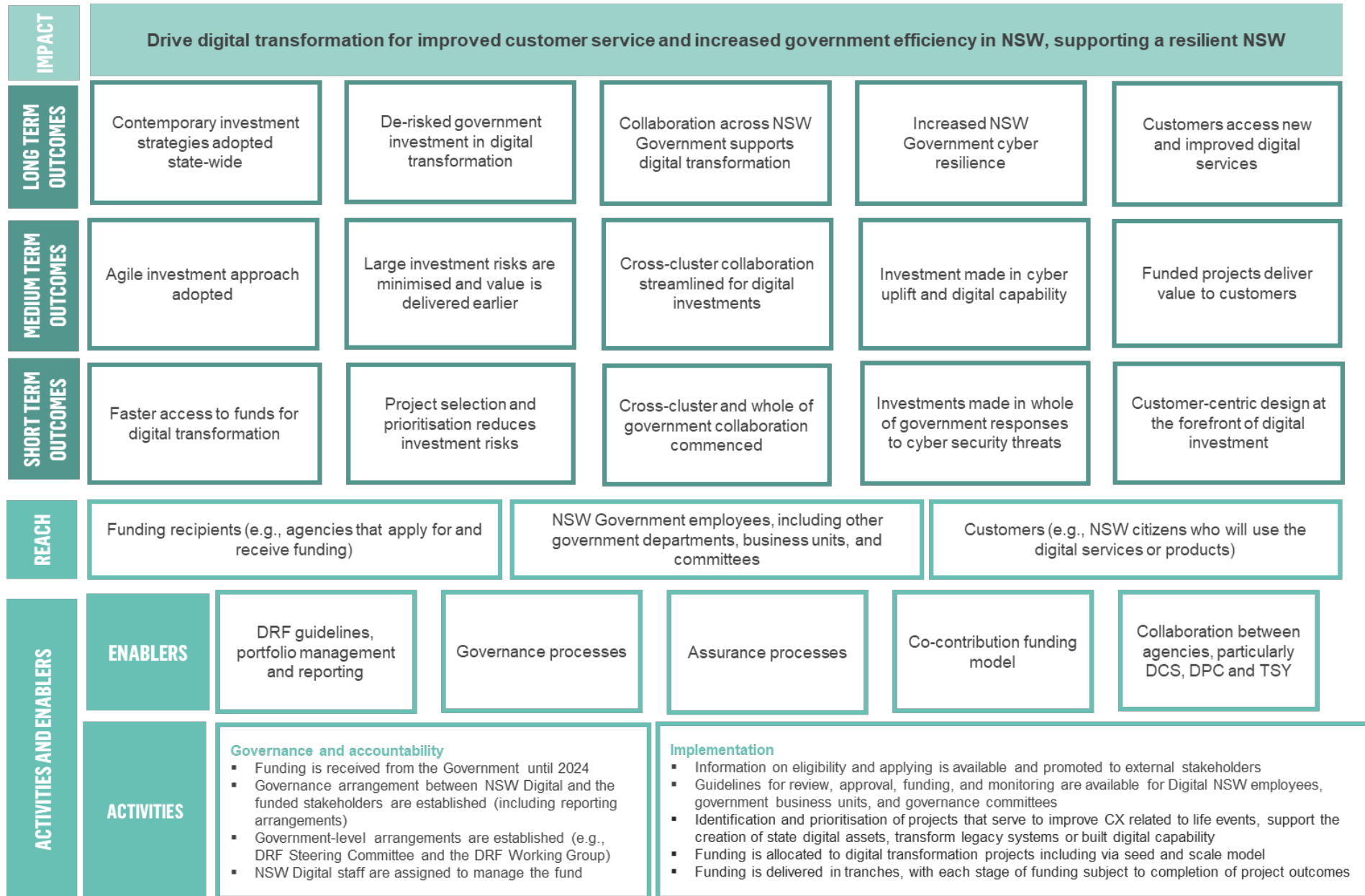
# APPENDICES



# APPENDIX A

## THEORY OF CHANGE

# DRF THEORY OF CHANGE





# APPENDIX B

## KEY EVALUATION QUESTIONS

## KEY PROCESS EVALUATION QUESTIONS AND SUB-QUESTIONS

Question	Sub-questions
<p>Are the current processes used to manage and govern the DRF efficient and effective, and what improvements can be made?</p>	<ul style="list-style-type: none"> <li>▪ To what extent are the management and governance of the DRF appropriate?</li> <li>▪ To what extent do the DRF success measures provide meaningful insights into the value of the DRF?</li> <li>▪ To what extent are the management and governance of the DRF being implemented well?</li> <li>▪ To what extent are the management and governance of the DRF efficient and effective?</li> <li>▪ What have been the successes and challenges in managing and governing the DRF?</li> <li>▪ How can the management and governance of the DRF be improved?</li> </ul>
<p>To what extent is the DRF delivering on its purpose prescribed in the Digital Restart Fund Act 2020?</p>	<ul style="list-style-type: none"> <li>▪ To what extent are the operations of the DRF appropriate?</li> <li>▪ To what extent are the operations of the DRF being implemented well, including with fidelity and with appropriate controls in place?</li> <li>▪ To what extent are DRF investments in line with the purpose of the fund as set out in Section 6 of the Digital Restart Fund Act 2020?</li> <li>▪ To what extent is it of benefit for clusters to be able to access DRF funds on a quarterly basis, compared to the traditional annual budget cycle?</li> <li>▪ To what extent are the operations of the DRF efficient and effective?</li> <li>▪ What have been the successes and challenges in delivering the operations of the DRF?</li> <li>▪ How can the operations of the DRF be improved?</li> </ul>

# APPENDIX C

# EVALUATION FRAMEWORK

# EVALUATION FRAMEWORK

This section contains the Evaluation Framework (Table 6 below). This framework maps the theory of change statements to the key evaluation questions, indicators, and data sources.

Theory of change statements	Key evaluation questions	Success measures	Data sources
<b>Impact</b>			
<p>Drive digital transformation for improved customer service and increased government efficiency in NSW, supporting a resilient NSW</p>	<p>To what extent, and how, is the DRF driving digital transformation for:</p> <ul style="list-style-type: none"> <li>▪ improved customer service?</li> <li>▪ increased government efficiency?</li> <li>▪ supporting a resilient NSW?</li> </ul> <p>To what extent, and how, is the DRF funding delivering on the object of the Act as set out in Section 4 of the Digital Restart Fund Act 2020, namely to:</p> <ul style="list-style-type: none"> <li>▪ improve delivery of services by government agencies?</li> <li>▪ facilitate whole of government digital transformation?</li> <li>▪ improve operational and cost efficiencies across the government sector?</li> </ul> <p>To what extent are benefits measured for each funded project and for the Fund overall?</p> <p>What improvements can be made to the DRF in order to achieve a greater impact, and better outcomes?</p> <p>What have been the unintended consequences?</p>	<p>Evidence of ongoing tracking of project risks and benefits</p> <p>Evidence of benefits realisation, including financial and non-financial (tailored measures depending on project)</p> <p>Cost benefit calculations (project-specific and fund-level)</p> <p>Reported extent of fund impact against objectives</p> <p>Evidence of outcome links to benefits realisation.</p> <p>Evidence of data collection enabling the monitoring or calculation of benefits.</p>	<p>Documentation</p> <p>Interviews with stakeholders</p> <p>Survey of project funding recipients</p> <p>DRF Data Portal</p> <p>Project-level program and economic evaluation reports</p> <p>Project case studies</p>

# EVALUATION FRAMEWORK

Theory of change statements	Key evaluation questions	Success measures	Data sources
<b>Long term outcomes</b>			
Contemporary investment strategies adopted state-wide	To what extent, and how, is the DRF leading to contemporary investment strategies being adopted state-wide?	Type and extent of iterative funding models implemented (including seed and scale, tranche funding) Reported changes in the nature and extent of investment strategies in NSW	Documentation Interviews with stakeholders Survey of project funding recipients Survey of DRF/Treasury staff involved in project assurance activities
De-risked government investment in digital transformation	To what extent, and how, is the DRF leading to de-risked government investment in digital transformation?	Number of projects tested via seed prior to scale Reported changes to risk profile of digital transformation investments Extent of cost saving to NSW Government through DRF approach to digital transformation investment Extent of re-use of digital platforms across NSW Government	Documentation Interviews with stakeholders Survey of project funding recipients Project case studies
Collaboration across NSW Government supports digital transformation	To what extent, and how, is the DRF increasing collaboration across NSW Government that supports digital transformation?	Number and % of projects using cross-cluster teams Extent of information, products and services shared between NSW Government agencies Reported enablers and barriers to collaboration across NSW Government to support digital transformation Stakeholder perceptions	Documentation Interviews with NSW Government stakeholders Survey of project funding recipients Project case studies
Increased NSW Government cyber resilience	To what extent, and how, is the DRF increasing NSW Government cyber resilience?	Number and % of clusters and agencies reaching full cyber maturity Number of jobs supported in cyber resilience Number of staff trained in cyber security % and \$ increase in cyber resilience projects across NSW Government Reported changes to NSW Government cyber resilience Stakeholder perceptions	Documentation Interviews with NSW Government stakeholders Survey of project funding recipients Project case studies

# EVALUATION FRAMEWORK

Theory of change statements	Key evaluation questions	Success measures	Data sources
Customers access new and improved digital services	To what extent is DRF leading to customers accessing new and improved digital services?	Number of new products and services Number of customer interactions Forecast and actual number of customers to benefit from new digital products Extent to which customers are satisfied with new digital products and services Amount of time users spent on pages and websites Number of paper-based processes digitised	Documentation Interviews with stakeholders Survey of project funding recipients Customer satisfaction data Website analytics of relevant pages/digital services Project case studies
<b>Medium term outcomes</b>			
Agile investment approach adopted	To what extent, and how, is the DRF leading to the adoption of the agile investment approach?	Number or % of projects using non-traditional delivery methodologies Reported changes to agility of investment funding including enablers and barriers Stakeholder perceptions	Documentation Interviews with stakeholders Survey of project funding recipients
Large investment risks are minimised and value is delivered earlier	To what extent, and how, is the DRF minimising large investment risks and delivering value earlier?	Reported changes to risk profile of digital investment Number and frequency of tranche funding allocations and alignment with outcomes	Documentation Interviews with stakeholders Survey of project funding recipients Project case studies
Cross-cluster collaboration streamlined for digital investments	To what extent, and how, is the DRF streamlining cross-cluster collaboration for digital investments?	Number and nature of cross-cluster collaboration in digital investment projects Reported changes to cross-cluster collaboration for digital transformation investments	Documentation Interviews with stakeholders Survey of project funding recipients
Investment made in cyber uplift and digital capability	To what extent, and how, is the DRF investing in cyber uplift and digital capability?	Number and % of clusters and agencies reaching minimum cyber maturity Extent of anticipated project benefits to NSW Government Number of new digital professional jobs supported Number of courses/trainings delivered in digital capability Reported impact of DRF on creation of cyber uplift jobs	Documentation Interviews with stakeholders Survey of project funding recipients

# EVALUATION FRAMEWORK

Theory of change statements	Key evaluation questions	Success measures	Data sources
Funded projects deliver value to customers	To what extent, and how, are DRF-funded projects delivering value to customers?	Number and % increase/ decrease in customer interactions Reported value of DRF funded projects to customers (tailored measures depending on project)	Documentation Interviews with stakeholders Survey of project funding recipients Project case studies
<b>Short term outcomes</b>			
Faster access to funds for digital transformation	To what extent is the DRF providing faster access to funds for digital transformation?	Number and type of projects for which funds are able to be accessed within 8 weeks Financial audit findings Reported positive changes to funding access for digital investment	Documentation Interviews with NSW Government stakeholders Survey of project funding recipients
Project selection and prioritisation reduces investment risks	To what extent do DRF project selection and prioritisation reduce investment risks?	Number of projects tested via seed prior to scale Reported changes to investment risk mitigation strategies	Documentation Interviews with NSW Government stakeholders Survey of project funding recipients
Cross-cluster and whole of government collaboration commenced	To what extent has cross-cluster and whole of government collaboration commenced?	Number of projects involving cross-cluster delivery teams Extent of coverage across government agencies Reported changes to cross-cluster and whole-of-government collaboration for digital transformation Reported efficiencies and savings generated by cross-cluster collaborations	Documentation Interviews with NSW Government stakeholders Survey of project funding recipients Project case studies
Investments made in whole of government responses to cyber security threats	To what extent is DRF leading to investments being made in whole of government responses to cyber security threats?	Number of projects addressing cyber security Reported increase/decrease in investment in cyber security Number and % of clusters and agencies commencing uplift of cyber maturity	Documentation Interviews with NSW Government stakeholders

# EVALUATION FRAMEWORK

Theory of change statements	Key evaluation questions	Success measures	Data sources
Customer-centric design at the forefront of digital investment	To what extent, and how, is the DRF putting customer-centric design at the forefront of digital investment?	Number of staff trained in customer-centric design % change in customer feedback on government digital products and services Reported changes to type and extent of customer-centric design in NSW Government	Documentation Customer feedback data Interviews with stakeholders Survey of project funding recipients Project case studies
<b>Reach</b>			
Funding recipients (e.g., agencies that apply for and receive funding)	To what extent is the DRF reaching potential funding recipients?	Number of actual funding recipients Coverage across the range of government agencies Equity of access to the DRF	Documentation Interviews with stakeholders Survey of project funding recipients
NSW Government employees, including other government departments, business units, and committees	To what extent is the DRF reaching NSW Government employees who could benefit from education, training and information relating to digital and ICT technology?	Number and type of NSW Government employees receiving relevant education and training Human Centric Design Cyber Security	Documentation Interviews with stakeholders Survey of project funding recipients
Customers (e.g., NSW citizens who will use the digital services or products)	To what extent are the projects funded by the DRF reaching customers?	Number of new digital transactional services delivered to customers Number of new informational services delivered to customers Stakeholder perceptions	Documentation Interviews with stakeholders



# EVALUATION FRAMEWORK

Theory of change statements	Key evaluation questions	Success measures	Data sources
<b>Enablers</b>			
DRF guidelines, portfolio management and reporting Governance processes Assurance processes Co-contribution funding model Collaboration between agencies, particularly DCS, DPC and Treasury	To what extent are the enablers of the DRF functioning well? How can the functioning of the enablers of the DRF be improved?	Level of satisfaction with enablers Reported suggestions for improvement	Documentation Interviews with stakeholders Survey of project funding recipients
<b>Activities</b>			
Governance and accountability Funding is received from the Government until 2024 Governance arrangement between NSW Digital and the funded stakeholders are established (including reporting arrangements) Government-level arrangements are established (e.g. DRF Steering Committee and the DRF Working Group) NSW Digital staff are assigned to manage the fund	To what extent are the management and governance of the DRF appropriate? To what extent do the DRF success measures provide meaningful insights into the value of the DRF? To what extent are the management and governance of the DRF being implemented well? To what extent are the management and governance of the DRF efficient and effective? What have been the successes and challenges in managing and governing the DRF? How can the management and governance of the DRF be improved?	Number of DRF Steering Committee meetings and DRF Working Group meetings Attendance rate at DRF Steering Committee meetings and DRF Working Group meetings Type, extent and quality of fund governance documentation (Terms of Reference; Fund Guidelines etc) Monitoring of project risks, including delivery and financial risks Number and type of staff assigned to manage the fund Reported confidence in governance arrangements and suggestions for improvement	Documentation Interviews with NSW Government stakeholders Survey of project funding recipients

# EVALUATION FRAMEWORK

Theory of change statements	Key evaluation questions	Success measures	Data sources
<p><b>Implementation</b></p> <p>Information on eligibility and applying is available and promoted to external stakeholders</p> <p>Guidelines for review, approval, funding, and monitoring are available for Digital NSW employees, government business units, and governance committees</p> <p>Identification and prioritisation of projects that serve to improve customer experience related to life events, support the creation of state digital assets, transform legacy systems or built digital capability</p> <p>Funding is allocated to digital transformation projects including via seed and scale model</p> <p>Funding is delivered in tranches, with each stage of funding subject to completion of project outcomes</p>	<p>To what extent are the operations of the DRF appropriate?</p> <p>To what extent are the operations of the DRF being implemented well, including with fidelity and with appropriate controls in place?</p> <p>To what extent are DRF investments in line with the purpose of the fund as set out in Section 6 of the Digital Restart Fund Act 2020?</p> <p>To what extent is it of benefit for clusters to be able to access DRF funds on a quarterly basis, compared to the traditional annual budget cycle?</p> <p>To what extent are the operations of the DRF efficient and effective?</p> <p>What have been the successes and challenges in delivering the operations of the DRF?</p> <p>How can the operations of the DRF be improved?</p>	<p>Type, extent and quality of fund implementation documentation</p> <p>Reported awareness of fund among key government stakeholders</p> <p>Extent to which experience of fund recipients aligns with program guidelines</p> <p>Reported level of program fidelity and suggestions for improvement</p> <p>Reported confidence in implementation and suggestions for improvement</p>	<p>Documentation</p> <p>Interviews with NSW Government stakeholders</p> <p>Survey of project funding recipients</p>

# APPENDIX D

## SURVEY RESULTS

## FUND RECIPIENT SURVEY METHODOLOGY AND RESPONSES

A 10-minute online survey was distributed to Fund recipients to examine their experience with the Fund at each key stage (e.g. submission, approval, and monitoring), including what worked, did not work, and any recommendations for improvement. A total of n=19 respondents completed the survey. Each project was able to nominate more than one representative to complete the survey, and therefore a small number of projects have multiple responses. Results to the survey are below.

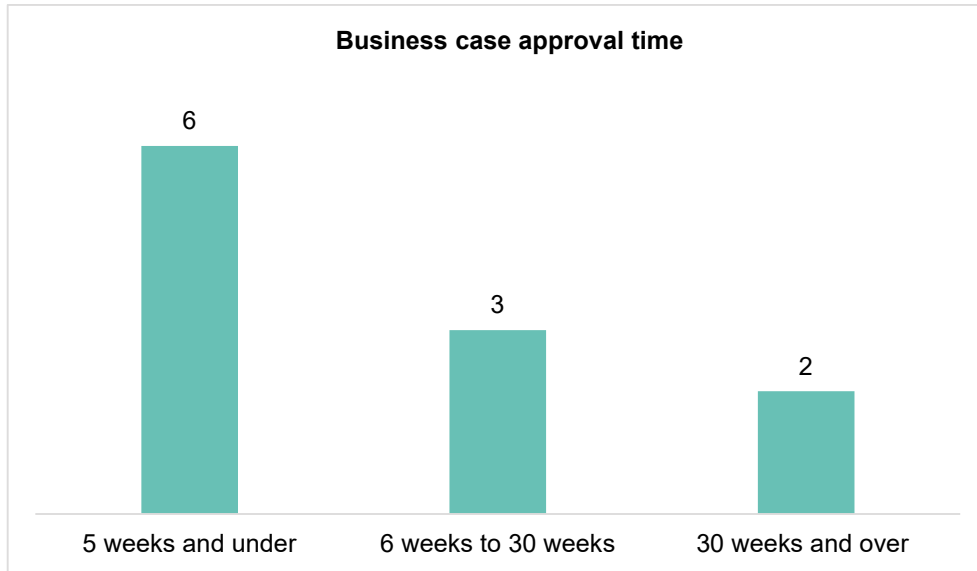
Cluster	n
Department of Regional NSW	5
Stronger Communities	3
Treasury	2
Health	2
Transport for NSW	2
Planning, Industry and Environment	2
Customer Service	1
Premier and Cabinet	1
Education	1
<b>Total (participants)</b>	<b>19</b>

Project role	n
Program Sponsor	4
Program Director	3
Project Director	3
Other	3
DRF Team Member	1
Project Sponsor	1
Program Manager	1
Other	3
<b>Total (responses)</b>	<b>19</b>

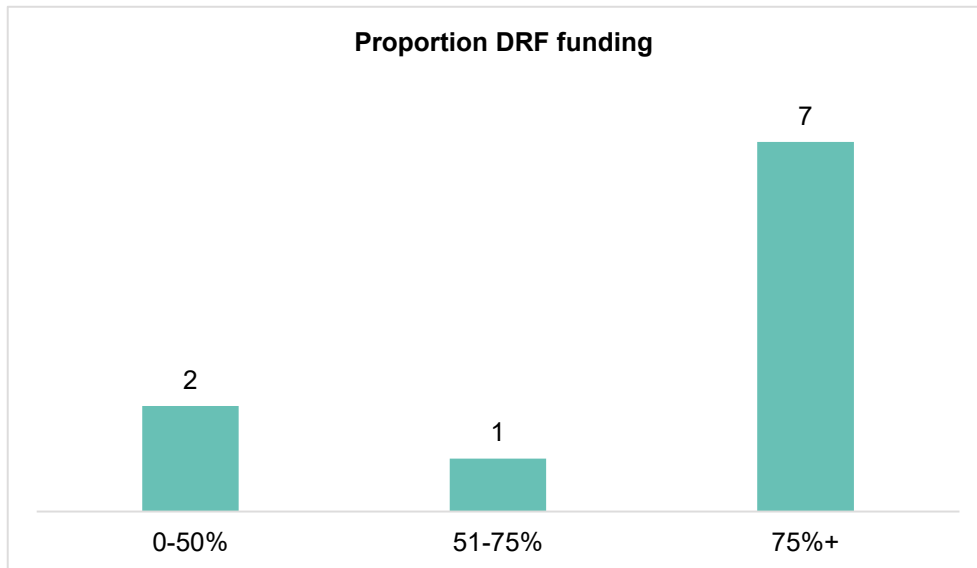
Project stages involved in	n
Planning and design	14
Business case phase	11
Monitoring and delivery phase	6
Other	1
<b>Total (responses)</b>	<b>32</b>

Project type	n
Digital Capability Building	5
Life Events	5
Legacy Systems Reform	5
State Digital Assets	3
I don't know	1
<b>Total (responses)</b>	<b>19</b>

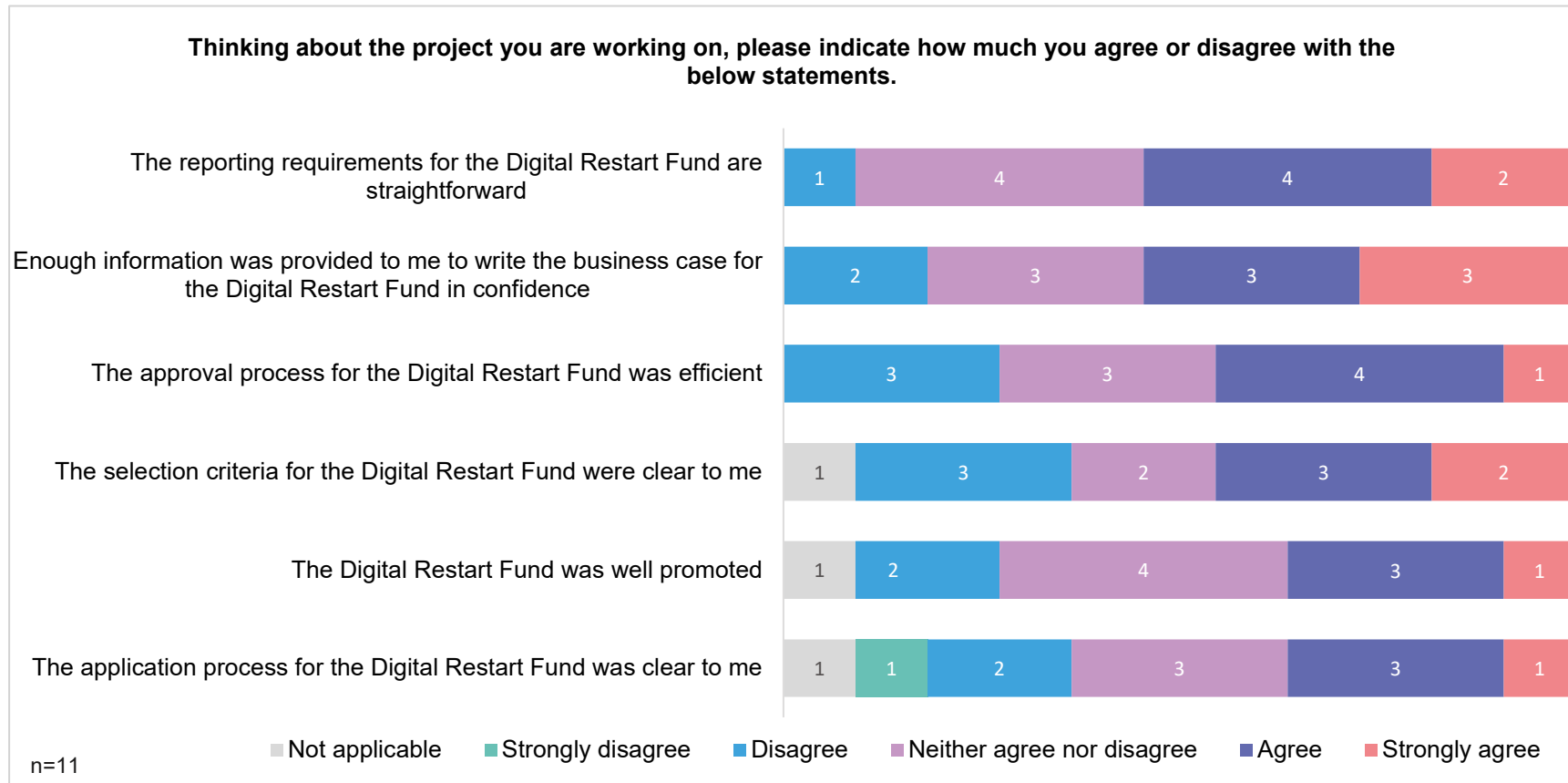
# FUND RECIPIENT SURVEY RESULTS



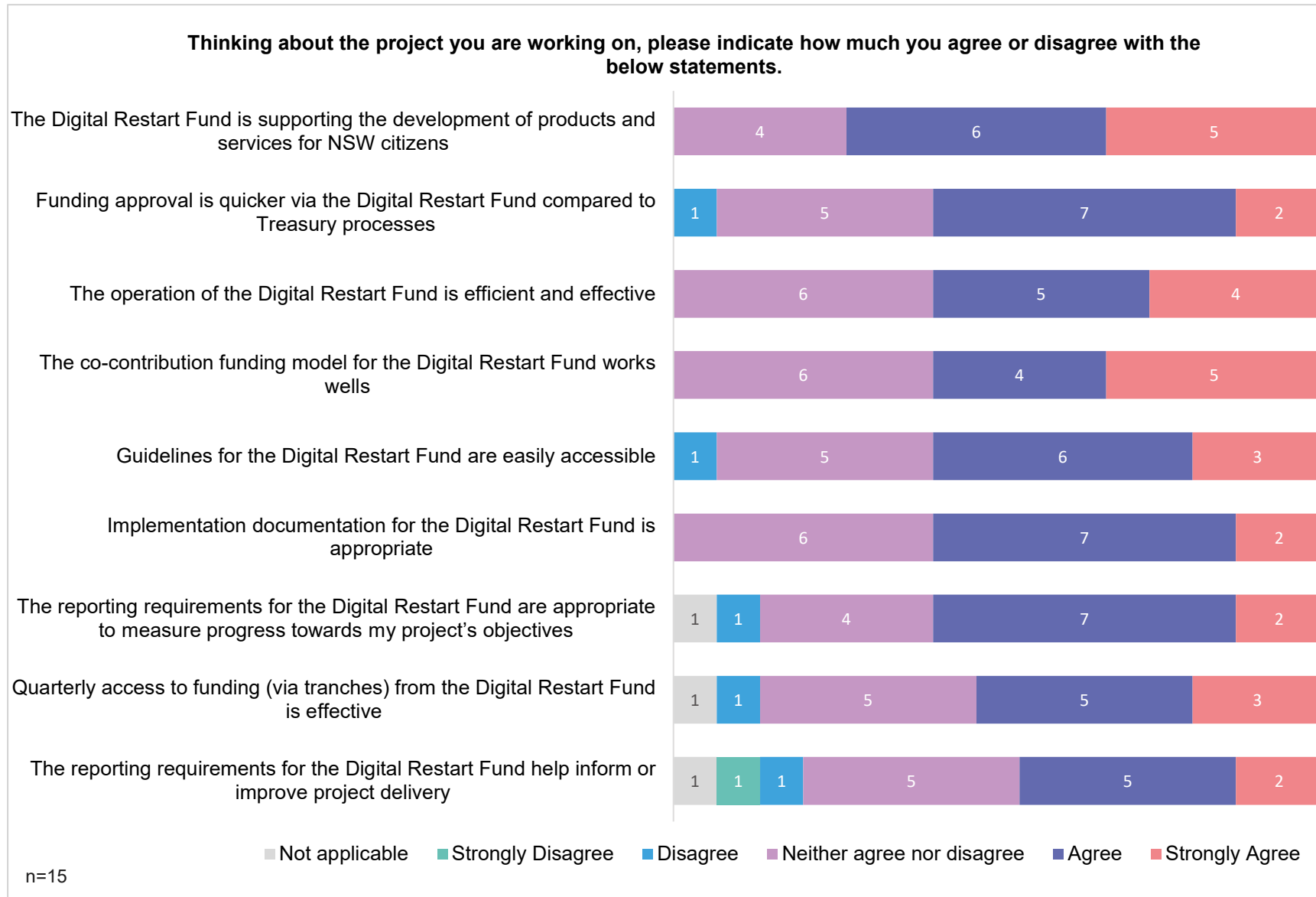
Business case approval times	
Median	8.5 weeks
Average	17 weeks
<b>Total (responses)</b>	<b>11</b>



# FUND RECIPIENT SURVEY RESULTS



# FUND RECIPIENT SURVEY RESULTS



# APPENDIX E

# REFERENCES



# LIST OF REFERENCES

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# APPENDIX F

## ACRONYMS

# LIST OF ACRONYMS

Acronym	Meaning
DaPCo	Delivery & Performance Committee
DCS	Department of Customer Service
DPC	Department of Premier and Cabinet
DRF	Digital Restart Fund
ERC	Expenditure Review Committee
ICT	Information and Communications Technology
NSW	New South Wales
SDPR	Single Digital Patient Record
TOR	Terms of reference

# APPENDIX G

# PROGRAM DOCUMENTATION

# LIST OF DOCUMENTS REVIEWED

Document name	Created by	Creation date
Approach to Benefits Measurement	DCS	2021
Digital/ICT Quarterly Status Report	DaPCO	2021
DRF Dashboard – End State Operating Model	Helmsman (consultancy)	2020
DRF Guidelines	DCS	2020
DRF Implementation Approach – Success Measures	Helmsman (consultancy)	2020
DRF Portfolio Status Report	DCS	2021
DRF Steering Group (now Committee) Terms of Reference	DCS	2021
DRF Working Group Terms of Reference	DCS	2020
NSW Government Guide to Cost-Benefit Analysis	Treasury	2017
Project Risk Profile Tool	–	2016
Submission of Business Cases	Treasury	2012
Tier 1-4 ICT reports template	–	2017
<b>Business Case examples</b> <ul style="list-style-type: none"> <li>▪ DRNSW Digital Uplift Program – equipping staff with the digital skills they need for the Future of Work</li> <li>▪ Government Made Easy: Change of Name After Marriage - Beta Phase</li> <li>▪ Digital Renewal Notices</li> <li>▪ ePlanning Program Phase 4</li> <li>▪ Rural Access Gap Direct Intervention Package</li> <li>▪ Becoming an Adult Life Journey - Discovery to Alpha</li> <li>▪ Living in NSW Life Journey - Discovery to Alpha</li> <li>▪ Licensing Program</li> <li>▪ eRegulation</li> <li>▪ Single Digital Patient Record</li> <li>▪ Parkn'Pay</li> </ul>	Fund recipients	Various

