

Independent Advisory Council to the NDIS

IAC Report on Co-design Self- Management in the NDIS Workshop

November 2016



**Independent
Advisory
Council**
to the 

The text is in a dark purple, sans-serif font. The words "Independent", "Advisory", and "Council" are stacked vertically. Below them is the phrase "to the" followed by the NDIS logo, which is the letters "ndis" in white lowercase on a dark purple rounded rectangular background.

Table of Contents

Independent Advisory Council to the NDIS	1
Table of Contents	2
Background.....	3
Compliance requirements	4
Current NDIS Practice	5
Discussion	5
Recommendation.....	6
The float	6
Current NDIS Practice	6
Discussion	7
Recommendation.....	7
Roll over	7
Current NDIS Practice	7
Discussion	7
Recommendation.....	7
Flexibility of funding and personal expense	8
Current NDIS practice	8
Discussion	8
Recommendation.....	8
Value for money	8
Current NDIS practice	8
Discussion	9
Recommendation.....	9
Equipment	9
Current practice	9
Discussion	9
Recommendation.....	10
Promoting and supporting self-management.....	10
Current practice	10
Discussion	10
Recommendation.....	11
Additional observations	12
Agency commitments	12

Additional recommendations	13
Appendix A Workshop Attendees	14
Appendix B Options for the payment of funds for self-managing participants:	16
UK: Direct payments finance and pre-paid cards	16
Using the card.....	16
Receiving payments.....	16
Monitoring payments.....	17
Payroll and tax.....	17
Support.....	17
Features of a system of ‘payment in advance’ by Christina Ryan.....	17
NSW Direct payments	18

Background

The impetus for an *NDIS Co-design Workshop on Self-Management* was Independent Advisory Council (IAC) discussion in August 2016 around concerns about a ‘lack of support’ for self-managing participants including the removal of the ‘float’. IAC members noted these issues have also been raised through social media. The purpose of the workshop was to co-design an approach to self-management in the NDIS to maximise uptake and reduce barriers to self-management for people with disability and their families.

Process of Co-design

Workshop attendees were carefully selected by the Chairperson in consultation with the NDIA. In particular, invitations were extended to people with a lived experience (including family lived experience) of self-managing their supports under the NDIS or through state and territory systems. Additionally, attendees included representatives of the NDIA Board, IAC, and organisations supporting self-management and independence such as the Community Disability Alliance Hunter (CDAH) and the Growing Space. NDIA representatives were capped at 4 and included a Regional

Manager with significant expertise in self-management and a Deputy CEO of the NDIA. The 'cap' to NDIA representatives was to provide for the breadth and depth of voices 'at the table.' A full list of attendees can be found at [Appendix 1](#).

Participants received a number of confidential draft documents prior to the event including two IAC papers, *Enhancing self-direction and self-management in the NDIS (November 2016)*, *Support Coordination and the sustainability of the NDIS (November 2016)* and two NDIA draft papers, *Self-Management within the NDIS (10 October 2016)* and a *Matrix of priority actions*.

The workshop opened with a confirmation that self-management is at the heart of the NDIS, that this is embraced by the Board and the purpose of this workshop is to identify steps that will make it easier for more participants to self-manage their funds.

Initial observations from participants included the view that the current NDIS conception of self-management is too limited and needs to include the use of intermediaries; that there are significant numbers of participants who want to self-manage their funding but want and need support to do so and that flexibility of funding will stimulate innovation but people are fearful of using their budget flexibly lest they inadvertently 'break the rules'.

The value of self-management to the Scheme was also stressed, recognizing that Scheme sustainability is dependent on more people being in control of their funding allocation. In addition, providers will find it difficult to grow the workforce in time and hence the extent to which participants build their own workforce would assist in meeting workforce requirements.

Ian Maynard outlined the challenges to self-management experienced by the Scheme including the requirement to meet the bilateral agreements in relation to the phasing of participants, the operating model that uses community partners to plan makes communication about self-management an additional challenge and the more stringent audit requirements of the Commonwealth Government makes some practices acceptable to State and Territory Governments a challenge under the NDIS.

The final challenge recognized that whilst within the NDIS there is complete agreement that self-management leads to better outcomes for participants, there is tension between the risk averse expectations of Government bureaucrats and the desire for full flexibility.

The issues discussed are reported below.

Compliance requirements

Current NDIS Practice

NDIS requires participants who self-manage to process each invoice individually for payment.

Discussion

Concerns relate to the excessive level and tone of compliance requirements. Participants argued that the NDIS requirements significantly exceed those of State and Territory Governments and the requirements in running a small business.

Frequency and level of compliance is of significant concern. Compliance reporting is invoice by invoice whereas compliance reporting for the Australian Charities and Not for Profits Commission and the Australian Tax Office is annual. The BAS reporting for small business owners is quarterly and more frequent PAYG reporting is only required when a business is over a certain size. In addition, the requirement for each service to be backed up by an invoice inhibits the purchase of items or services where an invoice is not possible¹.

In the NSW system, compliance reporting may commence monthly or quarterly with new self-managing participants but moves to 6 monthly or annually when participants demonstrate competence. In the Victorian system, compliance is annual with a report of less than one page as the standard. A similar system is in practice in WA and in the UK where the level of fraud is less than 2% and many participants willingly refund unspent funds with an eagerness to ensure that resources are available to other needy participants.

Participants are also concerned about the tone of reporting perceiving that the Agency is checking to reduce the chance of fraud rather than assisting participants to use their budget to meet their outcomes in the way in which the NSW, Victorian and UK systems do.

¹ Ironically, whilst the demands for participant reporting against budget are demanding, there is almost no scrutiny of reports by the Agency leaving it open to criticism by the Australian National Auditor Office (ANOA).

Participants are comfortable with the requirement for a separate bank account². Discussion ensued as to whether this is a bank account owned by the participant at their local bank or owned by the Agency in the name of the participant, the latter providing the Agency with security of being able to see the account as required. Views on this topic were mixed within the group. The key message however is a requirement that in store debits can be made from the account so that participants can gain value for money on consumables and are not forced to use more expensive disability providers for items that can be purchased at better value from mainstream outlets e.g. purchasing wheelchair tyres through the local bike shop as against a specialist equipment provider.

Recommendation

That compliance requirements are reduced to an assurance framework that relies on:

- periodic self reporting against the core element of the plan and budget including the outcomes framework that supports the plan
- simple compliance reporting of less than one page
- a random audit regime in which a participant's plan is audited and funds acquitted, say every 3 to 5 years
- a separate bank account

The float

Current NDIS Practice

Prior to 1 July 2016, self-managing participants were provided with a float equivalent to one twelfth of their annual budget. New participants from 1 July 2016 are not provided with a float and are required to submit invoices for reimbursement. The float for existing self-managers has been drawn down against subsequent invoices.

² Data presented to the IAC in March 2016 indicated that 35% of participants self-manage part of their plan. Whilst the data has not yet been analysed, the IAC suggests that a significant proportion of this group self-manage funds for mobility allowance and consumables. The requirement of a separate account for these funds may cause significant additional pressure on participants.

Discussion

Removal of the float causes significant concern to participants who see themselves as living hand to mouth, unable to directly employ staff (because of the delay in being able to pay staff) and purchase items such as consumables on sale at retail outlets. In response to cash flow challenges, participants need to process invoices immediately thereby increasing the level of administration.

Many perceive that the previous float of one twelfth of the annual budget was inadequate because it assumed each month was the same and prevented larger outlays in months with, for example, a holiday or a period where informal carers were not available.

While the lack of float remains, participants felt it was critical for the Agency to provide specific guidance to people transitioning into the Scheme from direct funding initiatives in which a float is provided

Recommendation

That the float be reinstated as 'funds in advance' to enable self-managing participants to draw down funds as required. Three options identified by participants are reported in [Appendix B](#).

Roll over

Current NDIS Practice

The NDIS does not permit roll over of funds. Any unspent funds must be returned to the Agency at the end of the plan.

Discussion

The lack of roll over provision is perceived to be a disincentive for participants to budget and seek value for money. In the NSW system, 5% of the budget can be rolled over into the next plan; In the Victorian system, expenditure over or under budget by \$1500 is carried forward into the next plan.

Recommendation

That NDIS makes changes to enable participants to roll over a certain percentage of their plan.

Flexibility of funding and personal expense

Current NDIS practice

The NDIS takes a narrow view of personal expenditure and many expenses allowed under State and Territory systems are prohibited under the NDIS.

Discussion

In the NSW, Victorian and West Australian systems, a participant has the flexibility of using their budget to achieve their outcomes without the continuous scrutiny of day-to-day decisions required in the NDIS. More flexible approaches to funding have been evaluated positively with the NSW Lifetime Care Authority and in the UK.

It was agreed that the rigid interpretation of personal expenses that reduces flexibility is not a feature of Scheme design but relates to operations and implementation

The tension between promotion of self-management and the management of risk relates to Agency uncertainty as to appropriate checks and balances and where the liability for bad decisions is perceived to lie. Additional discussion is necessary to frame the appropriate checks and balances in the context of general agreement that the NDIS system is over engineered and benefits would be achieved by managing risk with greater flexibility, autonomy and responsibility.

At the Scheme level, commitment to increased flexibility will require discussion of the benefits and safeguards of a positive approach to risk with the Auditor General and politicians. At the participant level, genuine co-design between the individual participant and the Agency to identify the line of responsibility in relation to risk will provide an important defence if the matter ends up in court.

Recommendation

That the Agency undertakes further work (including via co-design processes) to increase the flexibility of funds related to the achievement of outcomes in ways that promote maximum innovation.

Value for money

Current NDIS practice

In deciding whether a support is reasonable and necessary, the NDIS Rules require a consideration as to whether the support represents 'value for money'. Agency practice often prevents the approval of genuine value for money that leads to positive outcomes for the participant.

Discussion

There was a consensus view that strategies that encourage and support participants to seek value for money are to be supported. Participants shared multiple examples of NDIS practices that reduce participant motivation and ability to seek value for money including the rigid distinction between personal expenditure and expenditure in relation to disability, the lack of flexibility inherent in the Support Catalogue with its unintended implicit motivation to ask for more and more, the lack of ability to roll over unspent funds and requirements in relation to the purchase of equipment.

The Agency quest for value for money in equipment for example, leads to the use of professional assessment and an undervaluing of expertise that comes from lived experience. All participants with disability reported examples in which OT prescription of equipment was unresponsive to personal need and led to the purchase of equipment that was not well suited for purpose and hence not used.

There was a consensus view among those representing people with disability that the Agency should enable participants to have flexibility in the way in which they achieve their outcomes and that this was most likely to lead to value for money. It was agreed that shifting the value for money consideration from the Agency to the participant would lead to better outcomes.

Recommendation

That the IAC develop a paper for the Board on the topic of supporting participants to achieve value for money in the NDIS

Equipment

Current practice

Participants require an OT prescription for all equipment. The funds for capital purchases must be Agency managed.

Discussion

OT prescription for all equipment for all participants puts an unnecessary burden both on participants and on the Scheme often leading to an escalation in cost and the prescription of equipment that is not used. In addition, this process reduces participant motivation to seek value for money. There was a general consensus that these constraints relate to issues of implementation rather than issues of Scheme design and that criteria related to disability, age and experience with equipment could be developed to identify those participants for whom specialist guidance is required.

Recommendation

That the issue of NDIS approach to self-managing equipment is taken forward to broader talks about NDIS approach to capital expenditure.

Promoting and supporting self-management

Current practice

Self-management is not actively promoted. NDIS engagement sessions describe self-management as ‘too difficult’ and provide little or no information about intermediaries and Plan Management Providers that can assist. Many participants who seek to self-manage their plan or ask for support from a Plan Management Provider find their plans returned as Agency managed.

Discussion

Planners and LACs do not encourage self-management. They appear to lack the cultural framework necessary to appreciate it’s the value. This reluctance is strengthened in the absence of self –management assistance on the ground.

Workshop participants reported inconsistent and many negative planning experiences leading to variable outcomes in relation to both support as well as the achievement of self-management. Options to improve the consistency of result for people transitioning into the Scheme were canvassed including efforts to improve consistency of planning and processes to enable the automatic roll over of support from existing state plans.

Participants agreed it is in the interest of the Scheme to achieve higher rates of self-management. Concern was raised about a possible conflict of interest with LACs because lower rates of participant self-management would require an increased contract for LACs because they would need to support more participants.

Many participants want to self-manage but want assistance to do so. Good intermediaries and peer support are essential but are generally not available for NDIS participants. The UK Direct Payments Support Service provides an example of a national network of agencies that assists participants in all aspects of self-management including providing ongoing assistance as required. The UK national advice line on self-management was felt to be of vital assistance for self-managers. Intermediaries could also call on assistance of the advice line.

The NDIS approach to support participants to self-manage is not consistent. Some participants have access to peer networks but most do not. It was noted that the gap in readily available support for self-management may push participants toward Support Coordination which may not drive independence. Some participants are allocated Support Coordination, others are informed that Support Coordination is specifically not available to self-managing participants. Certainly the technical skills to assist self-managers is not in the skill set of most Support Coordinators. In addition, it was noted that there may be perverse incentives whereby poor support for self-management may lead to increased dependence and increased work for an intermediary in managing the participant plan. Some participants however will always want intermediary assistance to remove the administrative burden of self-management.

Assistance is required to maximise the number of participants who self-manage. Self-management³ assistance is required in relation to matters including employment, insurance, tax, superannuation, the development of agreements and workplace health and safety. Suggestions of supports for self-management include receipt of a budget for self-management support in a participant plan with the capacity to use more resources from core supports if useful and that the portal include award, legislation, induction process.

Recommendation

That self-management is the default option with participants being offered assistance to enable them to self-manage their plan.

That people who self-manage in State and Territory systems should be automatically considered to self-manage under the NDIS

³ Assistance to self-manage was described as 'technical assistance' during the workshop. To avoid confusion, the author recommends the use of the term 'self-management assistance'.

That assistance to self-manage is provided for those who want or need it.

Additional observations

Reaching high targets of participant self-management in the NDIS requires the appreciation of its power in enabling participants can take control of their support in moving to have more control over their lives. This requires a cultural change for participants and staff.

Communication with participants, staff, management, politicians and the public will be essential. Suggestions included the development of materials to change expectations such as inspirational videos of self-managing participants and material focused specifically at responding to any knee jerk negative media.

Finally, participants agreed on the need to examine the Support Catalogue for its potential to encourage a shopping list approach to support. Flexibility to achieve outcomes within budget is to be encouraged.

Agency commitments

Ian Maynard summarised the discussion with an aspirational program that will not require change to either NDIS legislation or Rules and will respond to concerns from NDIS Board and ANO. The program includes:

1. Funding: that
 - is provided up front and drawn down with no requirement to seek reimbursement
 - is administratively simple
 - provides for roll over of a proportion of unspent funds each year
 - The Agency will examine the tenure of a plan with a view to extending it to 3 years
2. An assurance framework based on:
 - a. periodic self reporting against plan and budget (quarterly, 6 monthly or annually)
 - audited random samples over time e.g. every 3 to 5 years
 - participants opening a separate bank account
 - simple self reporting of less than one page
3. Personal expense to enable flexibility that promotes innovation. This will require Agency to widen guidelines and embed outcomes. If outcomes can be demonstrated, flexibility of funding can be supported.
4. Training and education involving:

- cultural change in the Agency and community partners sector to promote and support self-management
 - acceptance that self-managing participants from State and Territory systems will be assumed to self-manage in the NDIS
 - the assumption of self-management as the preferred option with the Agency connecting participants with providers that can assist them. This recognizes the need for work on information to participants at plan approval to break down of barriers.
5. Intermediary space enhanced including:
- clarity about the need for assistance for self-management through the provision of advice / support /mentoring to assist a participant to self-manage.
 - Addressing any perverse incentives
6. That the Agency implements recommendations in relation to the administration and support for self-management in a pilot to be implement by July 2017

Additional recommendations

That the IAC develops a paper for the Board on the topic of participants to taking responsibility to achieve value for money in the NDIS (rather than the Agency driving value for money under a compliance regime)

That the issue of NDIS approach to self-managing equipment is taken forward to broader talks about NDIS approach to capital expenditure.

Appendix A Workshop Attendees

Key NDIS governance representatives

Prof. Rhonda Galbally AO	IAC Principal Member and Board member
Ms. Sylvana Mahmic	IAC member Family lived experience
Mr. John Walsh	NDIA Board member Chair of NDIS Sustainability Committee
Mr. John Hill	NDIA Board member Chair of the Audit Risk Fraud Committee (ARFC)
Belinda Epstein-Frisch	Consultant to the IAC

Attendees with self-management experience

Dr. Leighton Jay	Family lived experience
Mr. Greg Dee	Family lived experience
Ms. Jenny Cush	Community Disability Alliance
Ms. Sam Paior	The Growing Space
Ms. Kate Fulton	Avivo Experience with UK personal budget system
Ms. Samantha Jenkinson	Lived experience People with Disabilities WA
Ms. Christina Ryan	Advocacy for Inclusion
Ms. Leah Van Poppel	Lived experience

Youth Affairs Council of Victoria

NDIA representatives

Mr. Ian Maynard	Deputy CEO, Operations Division
Mr. Greg Perrett	Markets and Sector Division
Ms. Marita Walker	Regional Manager, Operations
Ms. Bianca Seymour	Operations Division

Support staff

Mr. Tim Hillman	A/g Director, Governance
Ms. Petra Hill	Assistant Director, Governance
Mr. Gary Ibbotson	Project Officer, Governance

Appendix B Options for the payment of funds for self-managing participants:

UK: Direct payments finance and pre-paid cards

Disability support is provided by Local Authorities in the UK. The information provided here is from Merton Local Council

- Merton Council has partnered with Advanced Payment Solutions Ltd⁴, a private company to deliver direct payments to people on the direct payment scheme. Participants are provided with a pre-paid card onto which their direct payments for community services are loaded to enable the participant to purchase goods and services to meet the needs set out in their plan.

Using the card

- The card is MasterCard enabled so participants can use it anywhere they could use MasterCard. It is similar to a debit card and can enable transfers to another bank on line, payments over the phone or by direct debit. If participants want to be able to withdraw cash they are directed to a direct payments service that permits cash payments.
- Participants can check the balance online or by phone.
- There is no payment for using the pre-paid card. There are transaction fees for payment of bills by direct debit or payments direct into a bank account but these can be avoided by payment online, by phone or in person at the point of cash sale.

Receiving payments

- Participants receive an initial payment that includes set up costs including payroll and insurance and payments are made into the account every 28 days thereafter.
- Participants are advised that if they employ their own personal assistants, they register with a payroll company that will work out tax and insurance and send

⁴Link:<https://promisepay.com/?gclid=Cj0KEQjA9ZXBRC29cPdu7yuvrQBEiQAhyQZ9PAkJy1FL2mlrWS6lcwUGJayfCXRLlSrIB9x9ht1hisaAv8T8P8HAQ>

participant a payslip to let them know what they need to pay the personal assistant. They are provided with a list of payroll agencies.

Monitoring payments

- The Council monitors direct payments with the first contact at 6 weeks and then again at 3 months to check to see how things are going. Frequency of contact depends on personal circumstances and is indicated in the planning process.
- The Council conducts two types of audit:
 - Light touch audit: checking the pre-paid card amount whenever necessary, contacting the participants where there are discrepancies or problems
 - Full audit: at least once per year depending on participant circumstances
- Participants are required to keep bank statements, invoices from agencies, payslips and receipts.

Payroll and tax

- Participants are encouraged to pay personal assistants every four weeks in line with direct payments
- The Council provides the participant with money for a qualified person or payroll company to pay employees so ensure proper tax and insurances are paid

Support

- The Council provides easy read written material and offers face to face, phone and email support from the Direct Payments team.

Features of a system of 'payment in advance' by Christina Ryan

- Funds would be paid in advance for 12 months. In some circumstances with very large plans over \$100,000 this might be for a shorter period like 3 or 6 months. This should be negotiated with the participant based on their ability to manage a large amount. Those participants with experience in self-management would expect to have the full 12 months advanced.
- Funds are placed in a targeted bank account set up by the participant. This has been a requirement of the NDIS until recently when the float / advance funds system was removed, so most participants already have specific allocated bank accounts to run their NDIS funds through. All monies going in and out of

this account are for the delivery of the participant's plan so the bank statement becomes an acquittal tool.

- A simple template or other device (several new software packages are now coming onto the market including from companies like Westpac) is used to run a cash flow system to track the funds. This could be a cash book, an excel spreadsheet, or targeted software; it's up to the participant to manage their funds against the goals in their plan against the relevant NDIS codes. The NDIS could have simple templates to assist with this.
- The bank statement alongside the spreadsheet / cash book becomes the annual financial acquittal.
- A short annual statement of outcomes against each goal becomes the outcomes acquittal. No more than a page.

Participants would interact with the NDIS once a year at plan review time. They would then set up for the next year with a new plan, a new advance of funds, and a new template / spreadsheet.

NSW Direct payments

NSW direct payment participants:

- are funded one month in advance
- report their expenditure at a frequency dependent on the skill and experience of the participant. Most begin by reporting monthly
- Participants prepare an annual report and if there is a surplus, they can apply to retain unspent funds up to 5% of their budget.

End.