

Agenda Item 8.1 Attachment B

#

**Independent Advisory Council**

**to the NDIS**

# Innovation in the NDIS

**March 2018**

**Table of Contents**

[Independent Advisory Council of the NDIS 1](#_Toc507165752)

[Introduction 3](#_Toc507165753)

[The importance of innovation in the NDIS context 3](#_Toc507165754)

[Innovation on the ground 4](#_Toc507165755)

[Enablers of innovation 5](#_Toc507165756)

[Policy context 5](#_Toc507165757)

[Barriers to innovation 5](#_Toc507165758)

[Reliance on the market to foster innovation 5](#_Toc507165759)

[Lack of policy clarity 5](#_Toc507165760)

[Lack of information about contemporary options 5](#_Toc507165761)

[Lack of availability of contemporary options 6](#_Toc507165762)

[Lack of transition pathways for traditional services 6](#_Toc507165763)

[Lack of operational clarity 6](#_Toc507165764)

[Price Guide 6](#_Toc507165765)

[Plan management 6](#_Toc507165766)

[A planned approach 7](#_Toc507165767)

# Introduction

The purpose of this paper to outline the case for an intentional strategy to facilitate innovation in services and supports. The paper will

* explore why innovation is important and what is meant by innovation in the context of the NDIS
* provide an overview of the track record on innovation on the ground
* describe current enablers and barriers to innovation
* outline the framework for an intentional strategy to facilitate innovation in services and supports.

# The importance of innovation in the NDIS context

The NDIS is a profound[[1]](#footnote-1) and disruptive[[2]](#footnote-2) innovation[[3]](#footnote-3) that has moved the system of disability supports from a welfare model that took a crisis approach to funding services to an insurance approach committed to building participant capacity to reduce the long term need for care and support. The unique feature of the NDIS is the relationship between positive outcomes for participants and Scheme sustainability. This relationship requires people with disability to be empowered consumers who can access services and supports that promote citizenship. Unfortunately, both elements of this relationship are extremely weak at this time exposing the NDIS to the risk that the anticipated profound disruption will lose its potency for lack of contemporary services to support participant empowerment.

The IAC describes the elements of ‘innovative contemporary’ service provision as support that actively:

* builds participant independence, capacity and choice and control
* promotes social and economic participation
* embeds the participant in his/her community.

A significant proportion of NDIS participants continue to use traditional services, many of which are closed systems, facility based services that inhibit increased independence and restrict opportunities for social and economic participation and inclusion. Whilst in principle, an NDIS package of reasonable and necessary support enables participants to choose their services, the lack of effective approaches to capacity building to build informed consumers and the lack of alternatives on the ground make this a clayton’s choice, perhaps further disempowering participants where services can describe participant retention as an active affirmation of the approach.

Many of the traditional approaches, especially those in closed systems should be of serious concern to the NDIA. Representing poor value for money, they detract from the goal of Scheme sustainability because they inhibit participant outcomes of increased independence and social and economic participation. This is recognised in the NDIA Corporate Plan goal of growing a market of innovative supports recognising that the delivery of the Scheme relies on there being a market of adequate size, quality and innovation to ensure that participants can readily access the support they need.

# Innovation on the ground

The NDIA has not yet been successful in fostering innovation. In the transition to full Scheme roll out, the NDIA, its community partners and providers have been overwhelmed by the depth and pace of change required. The anticipated new market of service responses to facilitate real homes, real work and inclusive leisure have not emerged. Whilst many participants now experience increased individualised support, there are few examples of different ways to support participants, particularly participants with complex needs.

In the housing and support area, group homes remain the dominant model and whilst SDA provides opportunities for smaller more individualised approaches, the more cost effective and inclusive approaches of Home Share, Shared Lives and Key Ring are boutique offerings to a tiny number of participants. In the area of work, Australian Disability Enterprise’s (ADEs) remain a dominant approach with participants with School Leaver Employment Support packages that support transition from school to work being funnelled into ADEs to work at wage rates that maximise the DSP rather than reflect the value of productive labour. Respite houses (Short Term Accommodation) remain a significant and costly approach to supporting informal carers where alternatives widely available in the UK do not have a presence in Australia. Finally, the approach to building participant capacity and informal support, critical for Scheme sustainability is under-developed and its provision is patchy.

Contemporary approaches will not emerge from the market alone. There is little demand for more contemporary approaches because participants are not familiar with alternative models. Community based, not-for-profit providers are focused on business processes and survival. There are no incentives for new for-profit providers to develop contemporary options because NDIA policy settings remain uncertain making potential payback uncertain. Funding models entrench existing practice.

A targeted innovation strategy provides an opportunity to:

* demonstrate new approaches that facilitate, social and economic inclusion, choice and control
* stimulate mainstream and community services to respond to increased demand
* support the transition of existing traditional services to services that demonstrate a contemporary approach.

# Enablers of innovation

## Policy context

The NDIS Act requires the NDIA to promote the provision of high quality and innovative supports that enable people with disability to maximise independent lifestyles and full inclusion in the community.

The NDIA Corporate Plan recognises the need to design incentives for market stimulation where appropriate.

# Barriers to innovation

Beyond broad policy settings, there is little in the existing NDIS context that actively enables innovation. Small scale funding has been allocated to specific projects through state funding and the Sector Development Fund. A Workforce Innovation Program is currently underway although the extremely tight timeframes present significant challenges to learning. There are similar concerns for the recently announced program to support innovative workforce solutions in the ageing and disability sectors in regional, rural and remote locations. Lack of capacity to analyse, distil and promote promising innovation is a significant gap to be addressed.

## Reliance on the market to foster innovation

Failure to date to develop an informed, empowered consumer base undermines faith in markets to generate useful solutions.

There has been a reliance on market mechanisms to foster innovation based on the assumption that funded participants will have choice and control including the ability to leave services that do not assist them to meet their goals. This assumption is patently inadequate in the context of a lack of effective capacity building and a lack of alternatives on the ground. Whilst the NDIA has facilitated strategies such as the IAC Innovations Reference Group, Housing Showcases and the SDA Pricing category for innovation, a preoccupied market has not responded.

## Lack of policy clarity

The lack of policy clarity in relation to the separation of housing and support and the flexible use of funding are two examples of the way in which policy confusion has inhibited innovation.

## Lack of information about contemporary options

Most participants and their families have little information about more contemporary options that are more likely to enhance participant quality of life and outcomes. They confuse concerns for certainty and safety with the bricks and mortar of shared options for day support and living and discount less restrictive options as ‘not for their son or daughter’.

## Lack of availability of contemporary options

There are few providers of some of the more contemporary options and it is a significant concern that many providers of contemporary supports argue they are not viable in the NDIS environment. Volunteer based programs that link people with disability to people without disability in home sharing situations are put at risk under the NDIS because the infrastructure costs to establish a match are difficult to fund in the current pricing regime[[4]](#footnote-4).

Many contemporary options have very little or no exposure in the Australian market. In particular, the concept of Shared Lives provides a significant innovation in support for people with disability, providing the opportunity for long term, short break and day support.

## Lack of transition pathways for traditional services

Providers cannot see a pathway that facilitates the transition of traditional approaches into more contemporary options in a sustainable way.

## Lack of operational clarity

### Price Guide

Many argue that the NDIA Price Guide inhibits innovative provision. They argue that participants fit their aspirations and needs into line items in the Price Guide rather use support to meet their goals and report against outcomes. Capacity building in the area of relationships is a case in point where the Price Guide only identifies items of behaviour and social skills support rather than provide a place to source assistance to build informal support and facilitate social connectedness.

### Plan management

Participants who seek more contemporary approaches are taking up the option of self-management to maximise flexibility. Many more participants could be supported toward contemporary options with changes in the requirement that a plan management provider must work within the price cap, thereby limiting flexibility.

# A planned approach

A targeted strategy is required to develop and showcase contemporary options of housing and support, of real work and inclusive recreation and leisure activities that embed people in mainstream community life. A targeted strategy is also required to demonstrate practice in building informal support, developing personal safeguards and enhancing independence.

The IAC recommends that the NDIA develops an innovation strategy including:

* an Innovation Framework to assess all NDIA activity on its impact on the development of contemporary approaches
* an innovation / service development hub to foster contemporary approaches including for participants with complex needs and in locations or situations where accessing support is especially challenging. Service development should focus on piloting, evaluating and growing to scale options that develop:
	+ participant independence
	+ informal support
	+ approaches for housing and support that reduce the reliance on 24/7 paid support
	+ contemporary approaches to respite
	+ contemporary approaches to day options
	+ pathways to transition traditional services into contemporary approaches in a sustainable way
* increased flexibility within participant budgets in relation to outcomes.
1. Innovation may be incremental (enabling as much value as possible from existing products or services), influential (providing substantial change to either the business model or the technology used, but not both) or profound (in which significant changes affect both the business model and the technology). [↑](#footnote-ref-1)
2. Innovation may be sustaining, (improving an existing product or services) or disruptive, whereby new values, products, services and business models ultimately and perhaps unexpectedly take over and displace what previously dominated the market. [↑](#footnote-ref-2)
3. Innovation can be defined as *“the act or process of introducing new ideas, devices or methods*” *(Merriam - Webster Dictionary*) and must *“satisfy a particular need, create value and be replicable at an economical/sustainable cost* (BusinessDictionary.com). [↑](#footnote-ref-3)
4. [The Canberra Times 'Canberra homeshare program fear incompatibility problems with NDIS' July 2 2017](http://www.canberratimes.com.au/act-news/canberra-homeshare-program-fear-incompatibility-problems-with-ndis-20170629-gx0z0y) [↑](#footnote-ref-4)