THE CASE FOR SOME BLOCK FUNDING IN THE NDIS

NATIONAL DISABILITY SERVICES (NDS) POLICY PAPER

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NDS

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Most support funding in the National Disability Insurance Scheme (NDIS) is individualised, helping many people with disability and their families to exercise choice and control. However, there are situations where individualised funding simply does not make sense. The Productivity Commission recognised this in its seminal 2011 report which recommended the establishment of an NDIS: "While consumer payments to providers should become the industry norm over time, there may still be a role for some block funding where markets would otherwise not support key services. Specific areas where block funding may be required are: crisis care; rural areas; community capacity building, some individual capacity building; to support disadvantaged groups (such as indigenous Australians) and as a tool to promote innovation, experimentation and research." [1]

This paper presents six areas that NDS believes require block funding[2] to help achieve the overarching objectives of managing the future viability of the NDIS and ensuring that all participants can exercise choice and control. Governments and the NDIA need to ensure that effective responses (and infrastructure) remain into the future. Negotiations on how this will occur need to begin now.

Experience from the NDIS trial sites has led already to a modified form of individualised funding to facilitate a 'trans-disciplinary' approach to service provision for young children with disability: funding is 'rolled up' and providers coordinate a typical suite of interventions, for a specific period.

Organisations look forward to further clarity about how individualised funding will be used to address challenges such as: crisis or fluctuating support needs; complex support involving multiple disciplines and/or agencies including justice and health; and shared or group support services. They require information soon about how the National Disability Insurance Agency (NDIA) intends to respond so that they have appropriate business models in place.

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[1] Australian Productivity Commission, 2011, Disability Care and Support, pg 471
[2] Block-funding is any non-individualised funds that purchase goods or services directly from the provider. It could be a contract established on a fee-per-service basis or it could be a time-limited grant or seed funding.

TO MANAGE THE FUTURE VIABILITY AND EFFECTIVENESS OF THE NDIS

1. Invest in timely information, advice and community development[3] support

The NDIA must plan for participants' lifelong support needs, with a view to improving long-term outcomes and saving on future support costs. One key element is early and community-based support that helps to avert crisis and retain or build resilience. This requires information, advice, referral, community development and crisis prevention services, none of which are easily charged to individual packages. This is especially so when the service is delivered to a public audience, or when the person requiring support is not, or not yet, an NDIS participant.

These types of services come from specialist providers, associations or networks related to:

- specific conditions (such as autism spectrum disorder, vision or hearing loss, Down syndrome, multiple sclerosis, epilepsy, chronic and rare diseases and many more);

- demographic factors (such as local area or age-based networks); and

- specific interest or cultural groups (such as Deaf culture and carer associations).

Example 1: Specialist associations

Specialist disability associations and support groups are there to help you and your family when you acquire a condition associated with disability. They can help you retain control over your life, maintain and develop support networks and avoid crisis, all of which can reduce your reliance on services.

Many groups have informative websites and helplines, staffed by experts who can advise you on local community support and education.

You can make use of peer support networks, specialist libraries for equipment or accessible books, and a helpdesk for technological aids. Regional advisors can help you identify your immediate and emerging needs, plan for future needs, prevent or ease loss of physical or mental function, and suggest a go-to place in crisis. They may also provide support and training to other services you use.

If connections to specialist networks are made at the right time, their advice and information will help people with disability and families make good decisions, build strong support around them, and prevent or better manage a crisis (see Example 1[4]). This is especially important at times of change, such as immediately following a diagnosis, starting or leaving school, or after a traumatic event such as a death in the family.

However, people with disability and their families will not necessarily be aware of the benefits of information and support networks at a time of change. This is why specialist groups often use outreach and community education strategies.

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[3] The activity of community development is broad and can include specialist capacity development, education and training for services, families and other communities in the lives of people with disability.

[4] During the development of this paper many providers and specialist associations outlined cogent case studies and examples which demonstrate the kinds of cost effective support they provide. All deserve attention and have unique attributes. Example 1 only offers a generic description.

Many of these services are currently funded by state governments, directly or as a component of a broader service contract. This funding may be at risk during transfer to the NDIA. The NDIA and governments need to negotiate now to ensure the future provision of important information, advice and community development services and to prevent the loss of valuable expertise and infrastructure (e.g. independent living centres that provide show rooms for technology and equipment; disability officers employed by local authorities; the Victorian communication access network; roving positive behaviour specialists currently directly employed by some States; and an array of specialist associations).

While some funding for information, advice and community development could be allocated through a competitive process, this method may not be appropriate where:

- the process would significantly disrupt a very small specialist sector without improving efficiency; and

- the funding is only one contribution towards the services (e.g. peak bodies) or where there is heavy reliance on voluntary and charitable contributions.

2. Support the ongoing production of social capital

Support funded by the NDIS must complement and enhance informal and community support, not replace it. This is vital for the NDIS to remain viable, and is an essential plank of its design.

Individualised reasonable and necessary support will help prevent informal carer burn-out, but ongoing activities that build social capital and support informal carers are also important.

Some not-for-profit organisations base their services – such as peer support networks, recreational events, fundraising and libraries – around volunteers. The value of these services is not only the support they provide, but also the way they create and nurture natural support relationships for people with disability and volunteers (see Example 2).

Good informal support networks improve outcomes and the financial sustainability of the scheme.

The cost of volunteer coordination is often met through reinvestment from a contracted service arm of a not-for-profit business. However, in future these extra costs may not be included in prices paid for individualised support. The costs are better met with targeted grants.

Example 2: Volunteer coordination

Some service providers organise voluntary support for families. They match a child or young person with disability with a host volunteer family or individual, who then looks after the young person on a regular basis (such as one weekend a month). The service assesses the suitability of prospective host volunteers, who may have no previous experience with disability. Often people with disability develop mutually beneficial relationships with their host families.

These organisations may also coordinate a variety of volunteer-assisted recreational and social programs for young people with disability and their families, such as holiday programs, youth groups, children's or family camps, sibling activities, parent support groups and family activities.

The volunteer programs provide opportunities for natural friendships and recreational experiences, as well as giving families a break or support.

3.   Seed innovation, research and evaluation to identify and build good practice

The NDIA and participants need evidence of which support options work best – but the evidence base is not yet well developed. Seed funding for innovation, evidence and capacity-building would improve outcomes and efficiency. This is especially the case when the projected efficiency would mainly benefit the NDIA and participants, and may lessen the need for support; without some investment, the incentives to do the work may be weak (see Example 3).

> **Example 3: Positive behaviour support**
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> Some services have dramatically improved outcomes and reduced daily support costs for people with severe challenging behaviour. This is done by investing in research-based innovation, including practice coaching for support staff on positive behaviour and active support techniques.
>
> Participant and funder clearly benefit from this investment. The onus is therefore on the NDIA to invest in support innovation that improves the lives of people with complex behaviour needs. It must also invest in education and capacity development for providers, such as worker skills in upholding human rights and managing challenging behaviour.

Seed funding can promote collaboration between providers, research organisations, participants and potentially other industries such as information technology, housing or transport.

There is also the potential for advances in early intervention or in technology to reduce the need for human support, thereby boosting independence and cutting support costs. Sometimes this requires upfront investment – for example, to develop and test instant sign-language translation software for students and employees, or to trial environmental and personal sensors or monitoring and response systems that help people to live independently.

SUPPORT PARTICIPANTS TO EXERCISE CHOICE AND CONTROL

4.   Ensure reasonable and necessary support options where markets are thin

Individualised funding will improve choice and control for most participants, but in some situations options will be limited. In these situations block funding may be required.

This will be necessary when a market is too thin to sustain providers, for example, highly specialised support for rare conditions; services which have substantial upfront fixed costs or ongoing liabilities; and forms of support for which there only a few potential customers (see Example 4).

> **Example 4: Guiding and assistance dogs**
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> The fixed cost of breeding and training guiding and assistance dogs is more than $25,000, and can exceed $50,000. This investment is required well before the dog can start work.
>
> To make sure that dogs are available for NDIS participants when they are needed and recognising that the market is relatively small, there will have to be upfront and sustained investment to maintain high-quality breeding programs.
>
> This will come through block funding to organisations that complements the individualised funding to participants.

It may also be necessary in some regional, rural and remote locations.

In either case, if the supports are reasonable and necessary for some participants, however few, the onus falls on the NDIA to eliminate the risk of market failure. This may require a contracted service response for at least part of the support period.

This risk of service failure in thin markets is particularly significant for some delicately constructed essential services that have evolved over time in response to a complex need (and may draw on a number of funding streams, key relationships and difficult-to-find expertise): for example, culturally effective services for Aboriginal people living in remote Australia.

None of the above should be read as an argument to use block funding to protect providers from healthy competition. The future disability support market – even where thin – should be contestable, with barriers to entry protecting standards of quality but not poor performance.

5.   Enable informed choice and expand knowledge of community options

Many providers and people with disability and their families do not have experience of operating in a market for disability support. Sophisticated 'consumer choice' and provider 'marketing' will take time to evolve. Providers (including mainstream services) are likely to need guidance to develop accessible and inclusive information products. The NDIA will need to support the creation of good information sources. The Practical Design Fund already funded some consumer information and advice products (see Example 5[5]). These activities need to continue as part of a range of investment strategies that raise disability awareness, including the right of people with disability to participate in all aspects of society.

> **Example 5: Ability House Website**
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> This website, abilityhouse.org.au, developed through the NDIS Practical Design Fund, provides information about technological solutions, services and suppliers that can address everyday living issues for people with disability. Its 'wish list' feature allows you to keep a record of the 'Home Control Solutions' you believe will meet your support needs. For some people, these solutions will offer a previously elusive level of independence.
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> NDIS participants and potential providers need to know what is on offer, or what is needed to start making the market work. This easily accessible and practical site is an excellent example of how to achieve this.

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[5] 'Independent living centres' perform a similar, but broader and more individualised, function to help people make informed choices about technology and equipment. These unbiased 'showroom' services have been available in each state for 30 years and at least part of their funding will be transferred to the NDIA.

This investment[6] could potentially expand:

- the pool of nominees and supporters of people with disability who can assist with informed choice and increase reliance on natural supports

- inclusive information and support offered by other government-funded sectors such as health, education, the arts, sports and recreation;

- inclusion options in community, cultural and recreational organisations;

- employers who understand the benefits of, and support options for, employing people with disability and their families; and

- information about accessibility options in banking, online retail, communication devices and tourism.

6. Sustain and build service capacity during transitions

We know short-term investment is required during the transition to the NDIS to reduce the risks of good providers exiting the market and of workforce shortages, either of which would erode choice.

The Sector Development Fund has been established to help mitigate these risks by using grants (block funding) to promote idea-sharing, innovation and organisational capability (in areas such as workforce development, finance, governance and systems).

This investment will help leverage the positive legacy of the previous system – existing relationships, networks and social capital – while also contributing to the sector's progress.

Other challenges may occur in the future market and need to be addressed to prevent market failure. For example, block funding may be required to help manage short-term vacancies in shared supported accommodation so that existing residents are not disadvantaged. Attributing the costs of supported accommodation to individualised packages, including the costs of short-term vacancies, can be problematic. Similarly, retainer funding may be required to maintain some infrastructure so that intermittent crisis demand can be met (e.g. emergency supported accommodation). Often services

Example 6: Service continuity for participants at risk of unstable housing

Some successful services were carefully developed over time and tailored to accommodate individuals with complex needs and unsettled histories (such as supported accommodation for people repatriated to the Northern Territory after living for long periods in institutions and /or homeless in other states).

While an individualised funding model could ultimately sustain such a service, it would be very unfortunate if it ceased to operate due to an inability to adjust business systems fast enough.

The NDIA should identify essential and at-risk services (this information may become apparent through individual planning processes and/or through consultation with other government agencies and the disability support sector) and ensure these services receive adequate transition support and remain viable support options for participants.

[6] This is partly addressed by the recently announced Disability Service Organisation grants.

also need to invest upfront to manage a smooth transition for new clients; this is a short-term cost not currently included in individualised funding prices.

The NDIA should make some funding available for providers to manage difficult transitions – potentially over a lengthy timeframe in relation to some supported accommodation services. This will ensure continuity of essential services for participants who are at great risk of being unsettled and unsafe and losing connection with their community (see Example 6).

ACTION REQUIRED

Essential services, expertise and social capital will be lost in the transition to the NDIS unless governments and the NDIA actively recognise the need for some ongoing block funding. NDS recognises that it is important not to lock people into poor service models and therefore we welcome appropriate performance monitoring and quality assurance requirements in any block funding contracts.

NDS understands the NDIA local area coordinator (LAC) services will contribute to the provision of timely information and advice, enabling informed choice. We also understand these services will be complemented by independent advocacy services. However, to provide effective assistance to participants, and other people with disability and their families, LAC and advocacy services will need to draw on the knowledge of specialist associations, informal networks, support groups and services.

Existing support options and services have evolved in response to need, and are often stitched together through various funding sources, including from state or territory governments and charitable or volunteer contributions. At the very least, care needs to be taken that the rug is not inadvertently pulled from under critical disability support infrastructures, as this would ultimately risk the viability or effectiveness of the NDIS. More positively, the NDIA should invest in the evolution of new support infrastructures, technology and markets that respond to opportunities that support the social and economic participation of people with disability.

In summary, non-individualised funding can support the effectiveness and viability of the NDIS through:

- investment in timely information, advice and community development;
- support for the ongoing production of social capital; and
- seed funding to foster innovation, research and evaluation and to build good practice.

Non-individualised funding can enhance the ability of participants to exercise choice by:

- ensuring that reasonable and necessary support options exist in thin markets;
- enabling informed choice and expanding the knowledge of community options; and
- sustaining and building service capacity during transitions.

Contact Information

Ken Baker
NDS Chief Executive

Tessa Thompson
NDS Senior Policy Adviser

National Disability Services

About National Disability Services

National Disability Services is the peak body for non-government disability services. Its purpose is to promote quality service provision and life opportunities for people with disability. NDS's Australia-wide membership includes more than 950 non-government organisations, which support people with all forms of disability. NDS provides information and networking opportunities to its members and policy advice to State, Territory and Federal governments.