



National Disability Insurance Scheme

Personalised Budgets

Proposal for a new NDIS budget model

Information paper for participants, their families and carers

June 2021 | Version 1.0 | [ndis.gov.au](https://www.ndis.gov.au)



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Message from the CEO

In November 2020, the National Disability Insurance Agency (NDIA) released a paper on proposed changes to our [planning policy for personalised budgets and plan flexibility](#).

You gave us a range of feedback. We heard you want the National Disability Insurance Scheme (NDIS) to be easier, you want more flexible plans and more choice and control over your supports. You told us our current practices aren't consistent or equal. You want your experiences with the NDIS to improve. But you're also worried changes to our planning process could affect participants and the supports they receive.

You said you want us to be transparent about the way we'll develop budgets. You've asked for more information on how independent assessments may be used to build budgets and make funding decisions. You want to make sure the changes will mean budgets are set at the right level. Many of you told us the process has to be strongly tested and evaluated.

I know the proposed NDIS reforms have caused real fear and concern in the community. I deeply regret our genuine attempts to share information about the changes, and consult on them have not met expectations. I want to respond to the concerns we're hearing and be transparent about the reforms we're proposing. By sharing more information, I hope we can create a greater understanding of the new approach and what it will mean for participants.

This paper has more details on the work we're doing to design the new budget model and planning process. It explains how this process will deliver budgets built on just two main areas – flexible and fixed – instead of being limited to specific support categories.

These changes are not about reducing the overall spend of the NDIS. The Government has confirmed an increased investment in the NDIS. In this year's Federal Budget, the Government is providing a further \$13.2 billion. This means the NDIS budget is actually projected to increase. These proposed changes will help us make more consistent and fair funding decisions, while giving participants more flexibility and choice.

We're working hard to support the Minister for the NDIS, Senator the Hon Linda Reynolds to continue her consultation with participants, the disability sector and state and territory governments. I hope the information in this paper will help with these conversations.

This new approach to delivering Personalised Budgets is still being developed and may change based on our ongoing consultations on the proposed reforms to the NDIS, including independent assessments. The NDIS Act will also have to change before we start to introduce this new approach.

We all have a shared goal to improve the NDIS, not just for participants today, but for generations to come. My team and I are listening and care about getting this right.

Martin Hoffman

Chief Executive Officer
National Disability Insurance Agency

1. A better way to plan

Participants have told us about the problems they have with the NDIS. We have heard about these problems in reports and reviews conducted over the last few years, including:

- feedback we received from more than 300 people and organisations in 2017 when we completed the Pathway Review
- recommendations made in the 2019 independent review of the NDIS Act by Mr David Tune AO PSM (known as the Tune review) – who spoke to many people from the disability community, participants, their families, friends and carers.
- reports and inquiries led by the Joint Standing Committee on the National Disability Insurance Scheme, a Commonwealth Government committee.

Since 2016 we have focused on getting eligible Australians with disability on the NDIS. We have also worked to reduce wait times and to help providers and participants adjust to a new way of delivering disability services and supports.

It is clear that for many participants the NDIS has been life changing, but others have told us it is not as fair, simple and flexible as it could be. The Tune review highlighted:

- Delays and wait times, and the time it takes for participants to get their NDIS plan
- Inconsistent decision making, sometimes resulting in unfair outcomes for participants
- Confusion and lack of transparency about how the NDIS should work
- The importance of plan flexibility in giving participants more choice and control and better outcomes.

This means that some participants aren't getting what they need and some are frustrated.

We know how we build NDIS plans can be better. That's why we're working on 3 main issues:

1. **Participant Experience.** You have told us the process today is too hard. It costs too much and causes anxiety.
2. **Fairness and Consistency.** The NDIS should be fair for all participants, no matter where you live or your understanding of the Scheme. To make it fair, our decisions need to be consistent.
3. **Flexibility.** We want participants to have more control over their supports and services.

1.1 Participant Experience

Under current arrangements, **you need to get your own reports about your support needs. This takes time and is at your own cost.** Australians with disability are currently spending somewhere between \$130 million and \$170 million each year on assessments for access and planning for the NDIS. The NDIS should be available for everyone, not just those that can afford expensive reports.

You may still need to provide some medical information. This could be a diagnosis or other information for high cost items.

Independent assessments are expected to significantly reduce your costs in providing reports, assessments and evidence.

Planning meetings can sometimes feel like a negotiation. You told us you feel like you need to fight to have funds for services and supports in your plans. You need to justify each item for every new plan.

For most participants, we will base their funding on their independent assessment. We will also add funding for high-cost or complex supports if they're needed. These could be things like home modifications or Specialist Disability Accommodation.

The proposed planning changes will give participants a flexible and a fixed budget. You will get the draft budget before your planning meeting. This means you will be better prepared to talk about your plan at this meeting.

At your planning meeting we will discuss with you how to use your plan to meet your needs. We will also discuss any exceptions that we have identified. We won't negotiate line by line for every support you need.

You will get to decide how you want to set up your support, which services you want to buy and when you want to use your funds. This includes things like how much support worker time you need, what therapy or group classes you want to go to, or which days you want support to go out in your community. NDIS funding is not unlimited. But you should be the one making the decisions that impact your life. Not the NDIA.

You have told us that each plan review causes extra stress. We expect your plan will go for longer. Your plan might go for up to five years. Longer plans give you more certainty and more independence to live your life.

1.2 Fairness and Consistency

We know at the moment **participants with similar needs are getting different budgets.**

Participants who live in wealthier suburbs on average have more money in their plans. If a participant lives in a less wealthy area, their plan could be up to 23% lower than someone with similar needs. That isn't fair.

The way we plan now makes it hard to make fair decisions. You meet with a Local Area Coordinator (LAC), or sometimes a planner. You discuss your needs and provide your reports and evidence. Sometimes we even have to ask planners and LACs to complete assessments with you. A lot of the time you haven't met the LAC or planner before. This person that you have never met has a huge say over what is funded in your plan.

Plans aren't fair because we get different information for different participants. We use that information to base our decisions on.

We know the way we currently work out budgets needs to improve.

- The information we receive is inconsistent.
- The functional capacity of participants has decreased on average over time. This makes sense for some participants, but doesn't make sense for everyone. The NDIS aims to help participants increase their capacity.
- The number of participants who have no informal supports has increased quickly.
- The way we receive information now won't let us properly check and fix any issues with budgets today.

Personalised Budgets will mean more accurate and consistent decisions. By using independent assessments, we will be using the same high quality information for everyone. If we use the same information for everyone, we can make plans that are fair for everyone.

Personalised Budgets will also help us to better manage the total cost of the NDIS. They will help us make sure all participants get a fair amount of funding.

1.3 Flexibility

At the moment, **plan budgets are not flexible, making it difficult for you to choose the services, items and supports you want to buy.**

In response to the coronavirus (COVID-19) we increased flexibility in plan budgets but they are still difficult to manage. Some funds are flexible, some you can move between budgets, but it's hard. It is hard to match the money in funding categories in your budget to the services and supports you want. The price guide and portal are also hard to use and we will make them easier to use by having flexible budgets.

You are the expert in your life. You should have as much control as possible over your NDIS funding. We want to make budgets more flexible. We want to give you the choice over the services and supports that will support you best to pursue your goals. If the things you need to spend your funds on change, you should be able to do that without plan reviews.

Participants will have more choice and control over a more flexible budget. Your budget will reflect your functional capacity, support needs and environment. Your budget will be one flexible package that you can choose to spend the way that best suits you.

We need to make sure all participants keep getting the supports they need. We also need to make sure the NDIS will be there for all Australians if they need it. Personalised Budgets will help us get budgets right for everyone.

Using independent assessments to start building budgets lets us be confident that:

- Budgets will be fair and meet participant needs
- Participants will be able to use all their budget
- We can keep the NDIS affordable and here for the future

We shouldn't do this by making you negotiate each support in your plan. We will manage how much the Scheme costs by making sure the way we build budgets is consistent and fair.

Once we have improved the way we build budgets, plans can be much more flexible. We will have fewer rules but more consistent overall total budgets to support you to pursue your goals.

2. Personalised Budgets

2.1 How we draft your Personalised Budget

When you complete an independent assessment, you will be providing us with information about your circumstances, including your:

- Functional capacity
- Personal situation (such as your living arrangements, support needs, informal supports, life stage, age and location)

Assessment tools will be used to understand your functional capacity. The tools you complete will depend on how old you are.

To draft your Personalised Budget we will start by matching you with a funding amount that is reasonable and necessary for participants with similar functional capacity to you in a range of life areas.

We have built 400 profiles that each represent different groups of participants with different functional capacity. Each profile has a budget associated with it. We take your assessment results and match you with one or more of these profiles. We understand that you are an individual and you may not match exactly to one profile. When you are matched with a profile or profiles, this becomes the start of your draft Personalised Budget.

We then take this draft budget, and using the information we have about your personal situation, adjust the total funding amount to make sure it will meet your individual needs. We will also get this information from your independent assessment. We might increase or decrease the draft budget based on things like:

- where you live – participants in remote areas may need more funding for transport or because the cost of services is higher where they live
- how old you are – participants leaving school might need more support to help them prepare for work
- the informal supports you have access to – participants who get support from family and friends might not need as much help to maintain their home.

Once this is complete, your draft Personalised Budget is given to your planner. It will include:

1. A draft flexible budget. This is an amount that you can spend as you choose.
2. A draft fixed budget (if needed). This is funding for specific things. You cannot spend it on anything else.
3. Support needs that we can identify but have not been included in your draft budget. Your planner will consider these separately.

You will receive a copy of your draft Personalised Budget before your planning meeting. If necessary your planner will also work with you to add in any fixed budget for supports that are not included in this draft (things like complex assistive technology).

2.2 Functional capacity assessments

To come up with a Personalised Budget, we start with your functional capacity assessment results.

Independent assessments will use a range of tools to work out your functional capacity. Including different tools that look at your mobility, learning, self-care and communication.

Functional capacity is your ability to do things and be involved in things like home, school, work and the community. It also considers other factors in your environment and personal circumstances that may impact your day to day life.

Someone with a low score on a functional capacity assessment would usually need more support than someone that had a high functional capacity. Current NDIS data shows us this.

How your disability affects how you can do everyday tasks is a key factor in deciding your funding.

2.3 Environmental and personal factors

Environmental and personal factors also impact the level of funding you need.

Independent assessments and the conversation you have with the assessor will include questions to help work out the level of support you need. It will also help us work out the support your informal carers might need too.

During the assessment conversation, we will learn about your individual circumstances. We will talk about what life stage you're at and what changes you might want to get ready for, like a new job or moving out of home.

Understanding this makes sure your Personalised Budget includes enough funding for:

- Daily personal supports you need
- Capacity building supports
- Services that will help you pursue your goals.

The table below explains how we will consider environment and personal factors. It gives examples of how these may affect the supports you need.

Factor	Description	Example
Informal supports	How much care is available at home? This could be from friends and family. It includes what we may need to fund to make sure your family and carers can keep helping you.	<p>A participant with self-care needs who lives alone will need more support than a participant who has help from their parents or a partner.</p> <p>If your partner helps you with daily personal care, you may need funds for services to help your partner support you in the long term.</p>
Extreme complex needs	Specific behaviours identified in the independent assessments.	A participant with complex behaviours may require a behavioural support plan and different models of support.
Specific Support need	Support needs that have a significant impact on the level of funding required	A participant may require additional hours of support to assist with a specific support need, e.g. PEG feeding.
Remoteness	Where you live. It could be in a city, in a country town or a very remote area	A participant living in a remote or very remote area will need extra funding to cover the higher cost of support.
Living situation	Current housing arrangements. Do you live in your own home, specialist disability accommodation, with family or friends, or something else?	If you live in supported accommodation you may have different needs to if you live in your own home. We will also make sure we understand if you want to live more independently. This will let us make sure your funds reflect your goals.
Employment status	Do you have a job, are you working in supported employment or are you looking for work?	If you are working, you may need some one-on-one support. If that job is in supported employment, you may be able to share support with others. If you are looking for work you might need extra funding to help build your skills.
Environment	Your independent assessment will include environmental assessments that look at the impact of where you are on your functional capacity	A participant may have more difficulty with some activities in an unfamiliar environment than they would at home, impacting their support needs.
Other	A number of other things will also be considered. This could be if you are starting school.	We need to do more testing to understand all of the things to include here. There are lots of different reasons that your situation might mean you need a different budget.

2.4 Draft budget

A planner will prepare your draft Personalised Budget. Once it is ready they will send you the draft plan before your planning meeting. You can read over your draft budget, make sure you understand it, and think of any questions you want to ask in your planning meeting. You could also think about how you could best use the funding to pursue your goals.

We will put as much of your funding in the flexible budget as possible. Some supports will need to be fixed. We will try and identify as many fixed supports as we can in your independent assessment. Sometimes we will not be able to work out all the fixed supports that you need. This is why planners will be able to move funds from flexible to fixed. When we do that, we will have to explain why.

You can have more than one fixed item funded in your budget.

2.5 Exceptions

An exception is a support that won't be determined by your independent assessment. This might be one support in your budget. For some participants their entire budget might be an exception.

A planner will work out the reasonable and necessary funding for an exception.

Sometimes we might agree on the kind of support you will need, but need to determine how much it will cost. For example, your independent assessment results could tell us that you need some high cost assistive technology. But we aren't sure how much funding to include in your plan for those supports.

When this happens, a planner will work with you to determine and include the right amount of funding in your fixed budget. You might need to get quotes or other information to help us work this out. We will tell you if we need any other information.

2.5.1 Exceptions to Personalised Budgets

Type of exception	Description
High cost assistive technology, home and vehicle modifications	These supports are made to fit and generally need an assessment to ensure the best piece of technology or modification is recommended. This will be added as an item in the fixed budget if needed.
Student transport	Support to get children with disabilities to school.
Personal care in schools	Personal care support while at school.
Complex life transitions	Life transitions that are complex and/or hard to predict. This could be something like a sudden deterioration in health, change in informal supports, or a change in caring responsibilities. A planner will work with these participants to ensure their plan meets their needs through this period.

Type of exception	Description
Participants currently living in Residential Aged Care	There is a complex billing arrangement with the Department of Health for this, so a planner will work with these participants to develop their plan and funding.
Intersection with compensation schemes	Some participants receive supports through both accident compensation schemes and the NDIS. We need to make sure they aren't getting the same supports funded through both. This is a complex process, so a planner will help adjust these plans appropriately.
Extremely complex needs	If a participant has extremely complex needs, their budget will require close review by an experienced planner.

2.6 Goals

Your goals are important. Your Personalised Budget will include funding for your daily support needs and capacity building. It will be up to you to manage this budget. You get to decide what you need to spend on the supports you need each day, and what supports you need to help pursue your goals.

You decide what you want your goals to be. You don't need the NDIA to agree to them. If you want help to think of goals, we can help. You can have as many goals as you want and change them as often as you like.

This doesn't mean the NDIS funds all the support costs to help you pursue your goals. Your budget will include the likely costs we expect with milestones for your age or stage of your life. This could be finishing school, gaining employment or moving out of home.

Participants may have goals the NDIS can't fund supports for. Helping participants pursue their goals is only one of the reasons the NDIS gives funding. Not all supports relating to pursuing goals will be reasonable and necessary and funded by the NDIS.

There are some things to remember when setting goals:

- Having a big goal, or lots of goals doesn't mean you will have more funding.
- Setting a goal doesn't mean the NDIS must fund supports that help pursue that goal.
- Setting a goal about a specific type or amount of support doesn't mean the NDIS must fund that support or that amount.
- Put in the goals you want to achieve. Your planner or LAC will discuss with you how you can use your funding to pursue your goals.

These things to remember around goals apply now. The proposed Personalised Budget approach doesn't change this.

Planners and LACs will talk about the disability-related barriers that stop you from pursuing your goals. They will then work with you to best use your flexible and fixed budget to overcome those barriers.

3. Developing the Personalised Budget model

We're still designing the new Personalised Budget model and it's subject to our ongoing consultation process. We are taking more time to listen and consult further, so we can continue to build a clearer picture of how the reforms will work together to deliver the NDIS as it was intended.

We are committed to improving our approach based on the consultation processes, the second independent assessment pilot and sector feedback. We want to address concerns raised from our continued consultation to make sure the Scheme works better, now and into the future.

We are providing additional detail on the proposed Personalised Budget approach to inform ongoing consultation conversations and to respond to concerns raised in consultation submissions.

We're using two sources of information to develop the model to determine draft Personalised Budgets:

1. **Participant profiles.** We have used participant data to come up with profiles that represent the many different groups of NDIS participants. Allied health professionals and expert planners in the NDIA have developed 400 profiles so far.
2. **Independent assessment data.** This is being collected from over 4,000 participants who have agreed to take part in the second independent assessment pilot.

We will use the personas and the independent assessment data to come up with the budget model for Personalised Budgets.

3.1 Participant Profiles

We have come up with over 400 participant profiles. Each profile has a name and different characteristics. For this, we gave each profile similar characteristics to a group of participants. They have a similar age, disability type, and functional capacity scores as some participants. Most profiles we assumed had similar goals and informal supports. We also made some profiles with different informal supports, goals, and living situations.

We made 400 different profiles that represent a large portion of NDIS participants.

Profiles help us understand how we can use the results from an independent assessment to make a Personalised Budget for different Participants.

Once we made each profile, an expert NDIA planner with an allied health background estimated a budget for each one. They gave an explanation of each funding decision including any assumptions they had to make.

At least two experts reviewed each budget to make sure we were consistent.

We will use these profiles to compare with data from the second independent assessment pilot. We will compare the budgets estimated by our experts with the actual budgets of participants. It will also let us test how we change a budget based on your environment and personal factors.

We will keep working with the profiles and the data from the second independent assessment pilot. From that we expect to be able to create an accurate Personalised Budget for each profile.

3.1.1 Example profile

Name: Tilly
Age: 17

Disability: Intellectual disability

Tilly needs some support to help her communicate and learn, in self-care and getting around.

Self-Care and Self-Management: Mild

This could mean Tilly needs help with:

- Cooking food
- Eating
- Having a shower

Communication and Learning: Moderate

This could mean Tilly needs help with:

- Using expressive language
- Remembering things
- Problem solving

Mobility: Mild

This could mean Tilly needs help with:

- Walking and moving
- Using transport
- Carrying and holding objects

Social Interaction: No required support

Tilly doesn't need extra help with:

- Planning and getting herself organised
- Meeting with friends
- Meeting new people
- Domestic work

Living Situation/Supports: Living with parents in family home

Assistive Technology (AT): Tilly has the AT she needs

Independent assessment results

Tool	Self-Care and Self-Management	Mobility	Communication and Learning	Social Interaction
Vineland	Mild	NA	Moderate	No required support
Pedicat	Mild	Mild	Moderate	No required support
LEFS	NA	Mild	NA	NA

3.2 Second independent assessment pilot

The second independent assessment pilot will give us data for participants with lots of different needs. We will use this information to:

- Compare the budgets we developed for profiles with actual budgets of participants.
- Look at the differences between the budgets we made for profiles and actual participant budgets.
- Understand the relationship between independent assessment results and participant budgets. We will do more work to understand how environmental factors also change budgets.

We will also use the information we get from the pilot to help understand other reasons that budgets may not be fair. This could be for factors like if the participant is:

- An Aboriginal and/or Torres Strait Islander
- Culturally and Linguistically Diverse
- From a different age group

The independent assessment pilot is still being finalised and evaluated. We are committed to fully evaluating the pilot. Any evaluation on the independent assessments themselves will affect the proposed Personalised Budgets approach and planning process.

We won't change anyone's plans or budgets because of they did a pilot independent assessment. We can use assessment results in future planning if you want us to.

4. Implementation

4.1 Legislation

Before we can use Personalised Budgets, the NDIS Act needs to change.

The Minister for the NDIS, Senator the Hon Linda Reynolds, said that she would take time to consult further before going ahead with any changes.

We are listening and consulting further on the proposed NDIS changes through:

- Independent Advisory Council led consultation
- Further engagement with State and Territory governments
- Sharing more information with the sector, providers and the disability community.
- Responding to concerns and questions
- Engagement with groups such as:
 - the sector CEO Forum
 - Participant Reference Group
 - Autism Advisory Group
 - Industry Reference Group
 - Mental Health Sector Reference Group.

The Minister, Department of Social Services, and NDIA will give more information about the next steps on all of the proposed change after the Disability Reform Minister's Meeting in July 2021.

4.2 Planning policy

If the legislation changes, we will gradually move participants from their current plan to a new Personalised Budget.

We will use the [proposed planning policy we consulted on in late 2020 as a starting point for rolling our Personalised Budgets](#). We will use the feedback you gave during that consultation. It will help us decide how we deliver Personalised Budgets and what information we make to help you understand the new process.

We will keep working to come up with the right way to do:

- Plan implementation
- Release of funds
- Support innovation in the NDIS market
- Check-ins

4.3 Ongoing oversight

The roll out of Personalised Budgets will take time and will be overseen by experienced staff in the NDIA to make sure the transition is as smooth as possible for participants.

Ongoing oversight will include frequent:

- Participant and staff feedback on where Personalised Budgets can be improved.
- Technical reviews using the data we have. We will keep improving Personalised Budgets.
- Ongoing advice and input from the Independent Advisory Council

We are also considering setting up a new committee of the NDIA Board. This would engage experts and people from the disability community to provide us with ongoing advice on the way we roll out Personalised Budgets.