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| 8.5 | NATIONAL DISABILITY INSURANCE SCHEME |
| WARD: | WHOLE OF MUNICIPALITY |
| GENERAL MANAGER: | CAROL JEFFS, COMMUNITY DEVELOPMENT |
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| TRIM FILE NO: | 22/01/89 |
| ATTACHMENTS: | 1. City of Port Phillip Disability Reform Service Review - HACC JCAAA (003) |

PURPOSE

To provide advice and recommendations on Council's role in the context of the National Disability Insurance Scheme (NDIS) rollout.

1. RECOMMENDATION

That Council:

- 1.1 Resolves to not register as a National Disability Insurance Scheme (NDIS) service provider and informs the community of this decision.
- 1.2 Continues our current services and programs for people with disabilities for the duration of the funding agreements.
- 1.3 Maintains its current budget commitment to support people with disabilities.
- 1.4 Consults with the community on the use of the current level of subsidy and roles Council can play to support people with disability in the future.
- 1.5 Supports members of the community who are eligible for the NDIS to transition to the scheme.
- 1.6 Continues to accept new Home and Community Care Program for Younger People (HACC PYP) clients up to, and including the NDIS transition period.
- 1.7 Continues to provide Fog Theatre whilst exploring partnership opportunities with potential service providers whilst there are sufficient participants to provide the program.

2. BACKGROUND

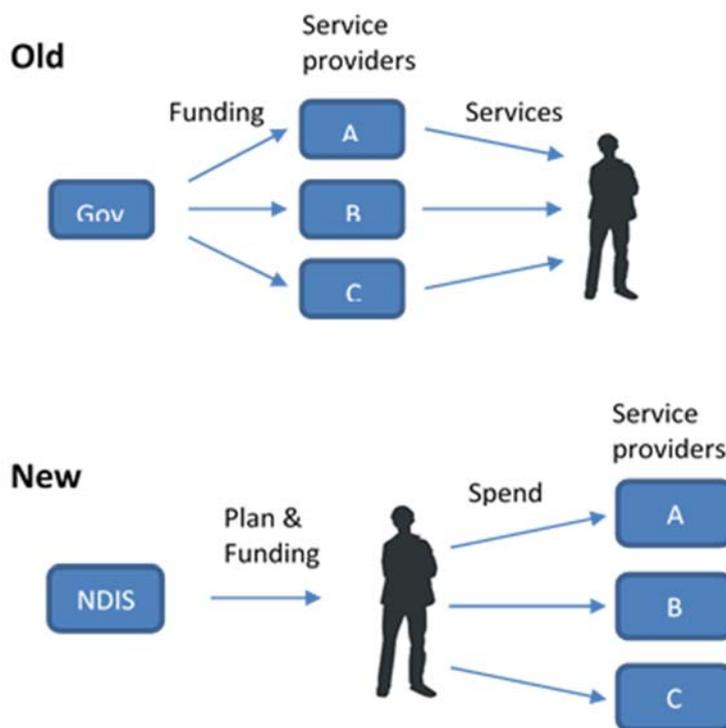
This Report is one of a number of continuing conversations the Community Development Division is having with councillors as a result of the national reform agendas to position the City of Port Phillip to respond in the best interests of its citizens in line with **'We are Port Phillip : 'We are Caring', 'We are Real'**.

Council needs to decide how it will respond to the new National Disability Insurance Scheme implementation, arriving in the City from April 2018, which is designed to give people with disabilities more choice and control over the support they receive.



The NDIS Reform will create a raft of changes to the quite complicated disability care service system, and has significant implications for councils in Victoria. This Reform is the biggest social change in Australia since Medicare and has already created life-changing outcomes for people with complex physical disabilities, for example younger adults living in nursing homes because of their complex needs able now to move into independent living with personalised support. The positive outcomes for eligible citizens in Port Phillip are expected to increase their choice of services, introduce significantly more funding for disability services, and create fairer, more equitable access to resourcing.

The main change created by the Reform is a shift away from geographical monopolies to competition. This means previously block funded organisations will need to compete for individual clients who are able to choose from a range of providers. The old (current) model of service provision will be transformed to a new model where the customer is in the centre, rather than the edge of service delivery, see diagrams below:



The Commonwealth Government, through the NDIS, has significantly increased funding for people with a disability by \$22 billion nationally, and, in Victoria, it is estimated that the NDIS will increase the number of people with a disability receiving services from 75,000 to 105,000, and the disability workforce is expected to at least double.

This briefing will discuss the implications of NDIS on two services and one program, currently funded by the Victorian Department of Health and Human Services, and provided by Council:

- 2.1 Home and Community Care Program for Younger People (HACC PYP) services. These services are provided to people with disabilities, under the age of 65 years, including personal care, home care, respite, property maintenance and community meals and some planned activity groups.



- 2.2 Joint Council Access for All Abilities Program (JCAAA) across four municipalities; Bayside, Stonnington, Glen Eira and CoPP to provide leisure respite for school aged children and adults. JCAAA offers access to a range of short term programs, events, as well as brokering access to vacation care for children with a disability. Funding for this program ceases on 30 June 2018.
- 2.3 FOG Theatre, an inclusive arts program for up to 15 people with a disability to learn skills and become proficient in performance. It provides opportunities for arts participation and a pathway to an active creative life. Fog Theatre has been running for 25 years and is considered best practice in a Local Government context.
- 2.4 These services are discussed together in this briefing because of the timing of the NDIS implementation for the City of Port Phillip and most are likely to be the focus of competition from other disability providers who also specialise in personal care, home care, leisure respite, and property maintenance.
- 2.5 Councils are not specialist disability service providers, with the bulk of disability services offered by not-for-profit organisations. The City of Port Phillip's role in supporting people with a disability is informed by the Local Government and Disability Acts, and covers a broad range of activities, such as participation in the arts, and reducing barriers to accessing services and public facilities. While local government has had no responsibility under the Acts to provide disability services, councils in Victoria have commonly provided some services through the HACC program.
- 2.6 The expenditure for HACC PYP in 2016/17 was \$1,312,926, with Council's contribution accounting for \$467,212 (not including corporate overheads). The program has about 246 clients and it is anticipated that around 60 of these clients are likely to be eligible for NDIS. Anecdotally, the service has a good reputation and there are often strong relationships between clients and workers.
- 2.7 JCAAA is also funded through the State government. The expenditure for JCAAA in 2016/17 was \$435,000. The funding agreement with the State Government ceases on 30 June 2018.
- 2.8 FOG Theatre Total Expenditure is \$86,664 with Council overheads. The Council contribution currently \$18,724 and works with up to 15 participants.
- 2.9 It is important to note that whether or not Council registers as an NDIS provider it is estimated that 75% of our current HACC PYP clients may not be eligible for the NDIS and planning will need to occur for beyond the State Government's current recurrent funding arrangement on 30 June 2020, as the future funding arrangements are then uncertain. No funding withdrawals will be made by the State Government for Council clients who transition to NDIS until after September 2019, and will be based on the numbers who have actually transitioned across by that time.
- 2.10 The Victorian Building Inclusive Communities Program will also have funding withdrawn on 30 June 2018. This program funds Council's Metro Access program which oversees a range of disability focused programs and activities; facilitates the Disability Action Plan; a requirement under the Local Government Act; and actively collaborates with internal and external partners and contributes to organisational innovation and inclusion.
- 2.11 It is important to note that whether or not the council registers as an NDIS provider it is estimated that 75% of our current HACC PYP clients may **not** be eligible for the NDIS and



planning will need to occur for when the State Government funding arrangements for those not eligible are set to change from July 2020.

3. KEY INFORMATION AND OPTIONS

This section summarises the discussion points below:

1. Should Council become an NDIS provider for the current HACC PYP mainstream services?
2. How can Council ensure that the JCAAA clients are considered as we plan for the conclusion of the program 30 June 2018?
3. How can Council ensure that the FOG theatre clients are considered during transition?
4. What other roles could Council play?
5. Should Council continue to accept new clients into its HACC PYP up to, and including, the NDIS transition period?
6. Implementation strategy

3.1 Should Council become an NDIS provider

Option a) Becoming an NDIS provider

The Service Review, provided to Councillors in October 2017, and attached, examined the factors that would be necessary to succeed within the new competitive marketplace introduced by the NDIS reform. They are as follows :

- Efficiency – can you deliver the service for the NDIS price?
- Competitive culture – do you have an organisational culture that is competitive?
- Scale – can you become larger in order to keep your costs down?
- Governance – do you have a board with strong experience and skillset that's appropriate?
- Legislation – are you complying with legislation?

In summary, the Service Review shows that:

Efficiency

- Council currently significantly subsidises the HACC service, and NDIS funding would be even less; JCAAA is partially funded by Council and would run at deficit under NDIS funding amounts
- Council's overheads are significantly higher than (not-for-profits) NFPs for a range of reasons, but makes competition with other NFPs difficult (20.1% compared to 12.9%)

Competitive culture

- As a level of government, council typically fills market gaps, rather than directly competing in markets – council's culture was found *not* to be competitive

Scale

- An ideal scale for NDIS is quite small (e.g. sole operator), or very large. It is estimated that council would need to scale up by a factor of 10 to compete effectively with other providers.



- If council were to compete with other providers, it would need to cross current geographical service boundaries (i.e. provide services outside Port Phillip), and to compete with NFPs it traditionally collaborated with.

Governance

- The governance structures of local government and specialist disability providers suit different purposes. Specialist disability providers have boards which offer expertise to the organisation that a Council cannot duplicate.

Legislation

- The National Competition Policy limits the capacity of governments to subsidise services within competitive marketplaces (i.e. where for-profit organisations are competing).
- There is strong evidence that some for-profit organisations will be attracted to NDIS, whether this is large, well-scaled organisations, or sole-operator businesses who connect with clients through third party websites.

In sites where the NDIS has already been implemented, Metropolitan Councils have not registered to provide services, enabling them to play a greater advocacy role, free from being tainted as a service provider with a vested interest. No metropolitan council has signalled an intention to register as a service provider as it is seen there are sufficient providers available in the metropolitan area.

The City of Port Phillip is not able to develop a collaborative proposal to register as a service provider with other neighbouring local councils as those councils have already opted to not register to directly provide services.

Given the advice received by Council it is not recommended that we register as an NDIS provider.

Option b) : Continue our current services and programs and expand Council's role as a leader and planner

The Services that we could continue to provide include the current Community Support services for those under 65 years who are not eligible for the NDIS, together with those we provide for people over 65 years.

We can continue to support an effective NDIS transition by providing a local leadership and planning role. The NDIS provides funding for a total of 38 different services for the diverse needs of people with a disability. We can leverage our local knowledge, local contacts, and if necessary, our resources (such as buildings, land and funding) to address any gaps in the market.

We can continue to play a role, along with other councils, in partnering with the State Government to re-evaluate the need for services for the broader population of people with a disability who are not eligible for the NDIS.

Council can continue to provide venues for use of FOG Theatre and consider with Arts Access options for the provision of FOG Theatre as an inclusive arts program. Alternatively Council could continue to run FOG Theatre as part of its Access Arts core programs.



Option c) : Take some or all of the Council Subsidy of \$467,212 as a saving

This option would mean that the Council would not register as an NDIS provider and also would withdraw from providing all services for people under 65 years.

It would also not continue and expand its role as a leader and planner in the disability area, therefore releasing some or all of the current Council subsidy figure of \$467,212 as a savings initiative.

The implication of this could be a message to the community that the Council sees itself as 'out' of disabilities in totality. It would signal that it does not see itself as having responsibility to ensure that there is a successful market of providers for a good transition to the NDIS. It would also mean it has no role for providing services for those not eligible for the NDIS. There are other councils who have done this, or considering doing so e.g. the City of Ballarat.

Councils across Victoria who have indicated their intention not to register for NDIS have been co-operating with the NDIS in the transition of their current clients to new providers so the timing of releasing this amount as a saving would not be in this financial year and, perhaps not, even the next.

This option could also pose a risk to the delivery of our statutory obligation of a Disability Action Plan under the Local Government Act. To mitigate that risk, the Council could alternatively decide only to utilise the amount required to continue to the Metro Access/disability planner role post June 2018, and retain the remaining amount as savings – approximately \$368K.

3.2 How can Council ensure that the JCAAA clients are considered as we plan for the conclusion of the program 30 June 2018?

Council officers will work closely with JCAAA clients, the Department of Health and Human Services (DHHS) and potential service providers to ensure that the types of services required can continue to be sourced once they transition to NDIS. Council's quality management system under ISO 9001:2015 puts clients at the centre of our processes.

3.3 How can Council ensure that the FOG theatre clients are considered during transition?

Council officers will work closely with Fog clients during their transition to NDIS. In addition to the barriers identified in the service review report noted above, there is a risk that numbers will decline so that it is no longer viable to run programs if NDIS funded participants choose other services as part of their plans or are unable to self-manage. There will be a significant funding gap between the NDIS pricing rate and cost to Council that will result in an increase to the Council subsidy. In addition there are compliance costs including the quality management systems standards audit (ISO 9000) required by DHHS.

It is recommended that Council continue to provide support to Fog Theatre whilst exploring partnership opportunities with organisations interested in running the program or until a number of clients self-select other providers in their NDIS plan, and if it naturally concludes due to lack of participants.



3.4 What Other roles could Council Play

Some examples of where we could make a larger difference to people with a disability in Port Phillip include:

- Continue to support the Metro Access role beyond 30 September 2018 which will ensure that our obligations to facilitate and implement a Disability Action Plan are met.
- Increase focus on the intentions and ambitions of the Disability Action Plan 2017-2020 including on the potential role for Council as an employer.

Continue developing partnerships supporting community inclusion, such as investing some of the subsidy to develop an outcome-focussed procurement exercise to local community sector organisations for a social enterprise café in Fitzroy Street, offering paid traineeships leading to paid employment for people with disabilities,

- Build capacity to respond to emerging needs and identified priorities.

3.5 Should Council continue to accept new clients into HACC PYP up to, and including the NDIS transition period?

Councils across Victoria who have indicated their intention not to register for NDIS have been co-operating with the NDIS in the transition of their current clients to new providers. As can be expected with a new system, this has not been a perfectly smooth process. It has also been slowed down by new providers experiencing a sector-wide staff shortage, leading to a slow transition of clients from councils to other providers.

Leading up to, and including, the transition, the sector will be in a state of flux and the chances of clients falling through the cracks will be increased. To prevent this, it is proposed that we accept new HACC PYP clients up to, and including the NDIS transition period and support those eligible to transition. Indeed the State Government has signalled this is an ongoing expectation as part of the funding arrangements.

3.6 Implementation Strategy

The CEO has used his delegation to arrange for officers to consult with affected staff and trades unions as part of the Enterprise Agreement provisions

Officers implement a two phased communication and engagement plan to firstly inform the community of the intention not to register by the end of 2017, followed up with a communication and engagement plan on what other potential roles the Council can play from February 2018.



FURTHER SUPPORTING INFORMATION

4. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

This Report aligns to Strategic Direction 1 in the Council Plan 2017-27 – We Embrace Difference and People Belong. It seeks to provide advice and recommendations on Council's role in the context of the National Disability Insurance Scheme (NDIS) rollout.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Council officers have met with a number of not for profit community organisations to identify that there would be sufficient providers for the NDIS in the local area, and with the Brotherhood of St Laurence as the Local Area Co-ordination provider for Bayside and Peninsula
- 5.2 Council officers have commenced staff consultation under delegation from the CEO, in line with the Enterprise Agreement

6. LEGAL AND RISK IMPLICATIONS

- 6.1 There is a risk of being non-compliant with the National Competition Policy should Council register as an NDIS provider.

7. SUSTAINABILITY – Triple Bottom Line

7.1 ENVIRONMENTAL IMPLICATIONS

- 7.1.1 Not applicable

7.2 SOCIAL & CULTURAL IMPLICATIONS

- 7.2.1 The report outlines how the social and cultural implications of the NDIS roll out in the City of Port Phillip can be promoted for all people with disabilities living in the City.

7.3 ECONOMIC IMPLICATIONS

- 7.3.1 Not applicable

7.4 FINANCIAL IMPLICATIONS

- 7.4.1 No new funding is sought from Council. The financial implications of registering as an NDIS provider are outlined in the Report.

8. IMPLEMENTATION STRATEGY

8.1 TIMELINE

- 8.1.1 The roll out begins from April 2018 and concludes in April 2019.

8.2 COMMUNICATION

- 8.2.1 The CEO has used his delegation to arrange for officers to consult with affected staff and trades unions as part of the Enterprise Agreement provisions
- 8.2.2 It is proposed to implement a two phased communication and engagement plan to firstly inform the community of the intention not to register by the end



of 2017, followed up with a communication and engagement plan on what other potential roles the Council can play from February 2018.

9. OFFICER DIRECT OR INDIRECT INTEREST

- 9.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.