

Supported Employment Transition

A report and financial modelling tool by Keogh Bay for use by Australian Disability Enterprises

Background

The Australian Government recognises the valuable role of Australian Disability Enterprises (ADEs) and is strongly committed to expanding employment opportunities for people with disability. Reflecting this, the Government launched the NDIS Participant Employment Strategy in November 2019 with the stated aim of increasing the employment rate of working age NDIS participants from 24% to 30% by 2023.

One of the important actions in the Strategy is to provide participants with individualised funding that enables them to receive intensive on-the-job support appropriate to their disability needs in a wide range of workplace settings, including ADEs.

The new pricing model, implemented from 1 July 2020, allows providers to claim for the hours and ratios of workplace support they actually deliver to a participant. It replaces a funding model based on a set weekly amount determined by an assessment at commencement of employment.

The new pricing model will help increase and diversify employment options for supported employees. It will enable ADEs to review their business and support models and increase their capacity to offer individualised and small group training, support and skill development.

It will assist participants to purchase support to gain work experience, undertake a traineeship or apprenticeship, try jobs with different employers, initiate a micro enterprise or be self-employed – and it will assist ADEs to innovate and expand their service offer to participants.

The change in pricing aligns supported employment with other NDIS supports, making it clear that the NDIS values employment at least as highly as community participation. Overall it is anticipated the changes will inject significantly increased funding into the plans of NDIS participants.

We recognise that this is a significant change for ADEs, which may require them to amend their business systems. To facilitate the transition, we have allowed until December 2021 for ADEs to commence claiming against the new pricing. We have also published materials to inform participants and providers and delivered multiple information and problem-solving sessions with ADE providers.

We want to engage with the sector about the new possibilities the change in pricing presents, as well as be aware of any risks associated with the change. Above all, we want supported employees to continue to work in jobs of their choice.

Understandably, ADEs are keen to predict the effect of the pricing change on their revenue. To assist with this, the National Disability Insurance Agency (NDIA) and the Department of Social Services (DSS) commissioned research and the development of a financial modelling tool from Keogh Bay. Ten ADEs contributed data and the results are outlined in the Keogh Bay Supported Employment Pricing Transition Project Report, which we are now distributing.

These same ADEs also tested early versions of the financial modelling tool. In the version of the report being published, Keogh Bay has removed any identifying details, which could be commercially sensitive for the participating ADEs.

The NDIA and DSS are very appreciative of the time and thought contributed by the ten ADEs and Keogh Bay.

Publication of the report and financial modelling tool

The research assesses the impact of the new supports in employment pricing on ADEs. It compares income received from the NDIS pre-July 2020 (based on Case Based Funding) and the new hourly rate being applied in NDIS participant plans from 1 July 2020 onwards. It finds that, under most circumstances, the participating ADEs would be better off under the new pricing.

The Keogh Bay Report makes it clear that the new pricing covers the cost of training and supporting employees in work settings which require more intense support.

The report finds that the introduction of individualised support pricing is likely to increase the income for ADEs for the majority of participants, particularly those working more than 15 hours per week.

Considerations for ADEs in reviewing the report and utilising the modelling tool

The NDIA and DSS are releasing the report and the financial modelling tool to the sector in order to be transparent and in the hope that they will prove useful.

However, there are important caveats in interpreting the research findings and using the tool:

- There are gaps in the research data used to inform the final report (i.e. detail around participants' actual work hours and the nature of their work).
- The sample of ADEs which provided data is small, making the extrapolation of findings to the wider sector problematic.
- Some of the report's conclusions, for example, that the new pricing will create novel industrial relations complexities for ADEs, are debatable.

Data analysis

The data analysis reflects the understanding of the participating ADEs at a point in time and may not be an accurate prediction of the actual revenue that can be claimed from individual participants' plans. The use of average hours worked across an ADE, for example, is not a good indicator of potential NDIS funding. Each participant's hours and ratios of support, which may vary during a day or a week, determine the funding that providers can claim.

Note, however, that to minimise administrative burden on providers and the unpredictability of payments, a typical pattern or program of support can be agreed with a participant and form the basis for regular claiming.

Workplace relations and wages

The NDIS pays for disability support and bases pricing on the award rates and on-costs for disability support workers. It does not subsidise the wages of supported employees. Issues related to the Supported Employment Services Award 2020 and the wage rates it prescribes for supported employees, while important, have no bearing on the NDIS pricing of supports in employment.

ADEs have always had a dual status as service providers and employers and their supported employees have a dual status as participants and employees. Managing this dual status is complex for ADEs. The NDIS may highlight this, but it does not alter the existing dual status. As employers, ADEs must continue to have an employment contract with their employees. As service providers, ADEs must have a service agreement with the participants whom they support. These documents should be separate, but they should not be in conflict with each other.

Non-face-to-face supports

Non-face-to-face supports are work-related activities performed when the employee is not present, such as task analysis, job customisation, creation of task prompts etc. The time devoted to them can be claimed from a participant's NDIS plan.

Administrative costs are different and are paid through the overhead allowance in the hourly rate for supports in employment. Averaging of non-face-to-face time across all employees is not allowed. Details on claiming non-face-to-face supports are discussed in the NDIA's supports in employment information sessions and are available in the [NDIS Pricing Arrangements and Price Limits](#) and the [Supports in employment provider handbook](#).

Change management

The NDIA has provided extensive training to local area coordinators (LACs) and NDIA planners. However, we know that queries arise about the rationale and the accuracy of plan funding. Please let us know of any issues with plan inclusions.

The NDIA and DSS will be surveying ADEs in the coming months to request information on how ADEs are faring and on assistance they may require to achieve a smooth transition to the new pricing during the year.

Improving employment outcomes for people with significant disability is important to the NDIS and we are keen to work with the sector to make this happen.

Questions and feedback

For questions or enquiries, please email provider.support@ndis.gov.au.