

**STATE AND COMMONWEALTH MINISTERIAL  
BRIEFING PAPER # 2**

**INDIVIDUALISED FUNDING FOR PEOPLE WITH  
DISABILITIES: THE SCOPE FOR ITS DEVELOPMENT  
IN TASMANIA**

PAPER PREPARED FOR ADVOCACY TASMANIA, SPEAK OUT  
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## **Executive Summary and Recommendations**

The context for this briefing paper is the Sector Reform process in Tasmania. The purpose of the paper is to share best practice examples from around the world of Individualised Funding, a significantly different model of funding individuals with disabilities rather than services, in an attempt to make supports more responsive to individual need and preference.

The briefing paper advocates Individualised Funding as one way to address some of the shortfalls identified in current service delivery in Tasmania, particularly in relation to service user empowerment, access to adequate service provision, equity in support funding and provision, and the long-term viability of the service delivery system.

The paper sets out to demonstrate how Individualised Funding, as conceptualized in Canada, the USA and the UK, along with Australian examples, contrasts sharply with traditional methods of funding disability services, methods known as “block-funding”. The various component parts of a service delivery arrangement are identified and analysed, with the benefits of Individualised Funding being emphasised. The popular models of brokerage, microboards and direct payments are discussed in relation to this analysis, and examples of Individualised Funding in practice are given. Emphasis is also given to the fact that Individualised Funding represents funding to the demand-side of disability support, whereas traditional models of funding have tended to favour the supply side. The paper discusses how the transition from supply-side to demand-side funding can be made.

The paper also looks at how Individualised Funding might be implemented in Tasmania. To this end the following recommendations have been made:

**Recommendation 1: That all new funds designated for the provision of service and support to people with disabilities, be introduced with direct reference to the individuals who require those funds.**

**Recommendation 2: That a new system for accessing services be piloted, that enables all people with disabilities who require funds for services to have their needs recorded in a comprehensive support plan, with detailed costings included.**

**Recommendation 3: That the piloted access system utilise independent support planners, and a person-directed planning process to ensure that the needs and aspirations of the individual with disabilities are identified by the person (and family and advocates where appropriate). Furthermore, that this new system and the current Service Coordination system be evaluated at the same time to establish the merits of each.**

**Recommendation 4:** That DHHS provide funds to establish a Support Brokerage agency, initially for a pilot period of three years, to enable the individualising of support funds for people with disabilities.

**Recommendation 5:** That the Support Brokerage agency be given some discretionary funds with which to provide support to people with disabilities who initially did not utilise its services, and that it remain responsive to people in need.

**Recommendation 6:** That after completing the evaluation of the first year of the pilot project, and subject to a positive evaluation, that DHHS develop a policy framework that a) articulates the right of people with disabilities to receive funds that are matched to their assessed need and b) asserts the right of people with disabilities to maintain a central role in the planning, development and evaluation of the service and supports they acquire with their funding and c) provides mechanisms to allocate all new funding to individuals.

**Recommendation 7:** That DHHS provide funds to develop and run a pilot to develop strategies for providing people with disabilities with independent support by people in freely given relationships. That this project look specifically at the Microboard concept, as well as other approaches (eg such as that taken by DG Lewis Pty Ltd). That the project be funded for a period of three years, in which time it will aim to develop, run and maintain up to 20 microboards or alternatives across the State. Upon completion the program will be evaluated and funded on a continual basis if it is successful.

**Recommendation 8:** That DHHS develop and implement a strategy and criteria for identifying “preferred service providers” throughout the State, and offer incentives to agencies who express an interest in responding to Individualised Funding arrangements during the period of time that the pilot projects are in operation.

**Recommendation 9:** That relevant unions be included in the planning and implementation of Individualised Funding projects in Tasmania, to ensure continued parity of wages between workers in traditional block-funded services and Individually Funded services.

**Recommendation 10:** That DHHS consider the introduction of an infrastructure costs model (including staffing, administration, rental etc.) of 10 – 15%, as a component in the proposed pilots, with a long term view to its introduction across the sector.

# 1. Introduction – From Advocacy Tasmania, Speak Out and Citizen Advocacy

## 1.1. Background

In 1999 the Department of Health and Human Services of the Tasmanian State Government released the 'Disability Sector Strategic Plan 1999 – 2004'. The plan identified five objectives, which needed to be addressed as a matter of urgency.

The objectives are:

- ***Rights and Inclusion***  
Promote the rights of people with disabilities and their inclusion and acceptance in the community as equal members of society.
- ***Information and Access***  
Ensure people with disabilities and their families have information about the range of services available and access to services they require.
- ***Choice and Self-Determination***  
Maximise opportunities for people with disabilities and their families, by their involvement in the planning, development and evaluation of individual services.
- ***Personalised Services***  
Ensure services provided to individual consumers and their families enhance their independence and are delivered in a sensitive, coordinated and timely manner.
- ***Service Systems***  
Develop and support an effective service system which will:
  - \* provide people with disabilities and their families with equitable access to services;
  - \* focus on individuals and is responsive to their needs
  - \* collaborate effectively with other key service providers, and
  - \* provide stability and continuity of care to consumers.

A strong theme, which runs throughout the objectives, is the need to strengthen the place in the service system of the individual receiving services. Consumers of services need greater choice in what services they receive, how they are delivered and who delivers them. Consumers' right to self-determination needs to be enhanced by enabling them to assume more control over the decisions

which impact on their lives, including decisions about services. Services need to be individualised and personalised.

These objectives and the notions of consumer-focussed services and consumer sovereignty are not new. The Tasmanian Disability Services Act 1992 and the Commonwealth Disability Service Act 1986, upon which the Tasmanian Act is largely based, are both underpinned by comparable principles.

The need to restate in 1999 'consumer control' and 'individualisation of services' as urgent objectives is an acknowledgement that insufficient progress had been made in these critical aspects of service delivery over many years.

The State Government's response to date to implementing the Strategic Plan has been a process known as 'Sector Reform'. Its stated purpose is to review and reshape the existing disability service system in line with the objectives of the Strategic Plan. The specific stated objectives of this process are:

- To provide people with disabilities and their families with equitable access to services
- To implement strategies which ensure that services focus on individuals and are responsive to their needs
- To ensure a more equitable allocation of existing resources based on consumer needs
- To develop a service system, which is economically viable in the longer term (*Sector Reform: An Overview*).

One strategy for reforming disability services and achieving greater consumer self-determination, choice and responsiveness, is Individualised Funding. Individualised Funding operates in a number of states and provinces across the USA and Canada, and the Community Care Direct Payments Act (1996) in the UK, has made it possible to individualise funds in that country too. In Australia also some state governments are seriously considering individualised funding, and a number of examples already exist, including in Tasmania.

There is evidence from overseas that many individualised funding arrangements have led to significantly increased outcomes for people with disabilities. And it is evident also that Individualised Funding has significantly altered the relationships amongst service providers, state funders and people with disabilities and their families, such that services provided are now more responsive to individual needs and wishes.

In May 2000 Advocacy Tasmania, Speak Out and Citizen Advocacy released a paper titled "Major Systemic Issues Affecting People With Disabilities in Tasmania: A State and Commonwealth Ministerial Briefing Paper". The paper described recurring problems experienced by people with disabilities and their families that were presenting to the three advocacy services. Lack of choice, lack of control over decision making and poor quality service delivery came through as endemic problems, which further validated the need for urgent action on the objectives articulated in 1999 in the Disability Sector Strategic Plan. At the time of writing it is nearly one year on from the Ministerial Briefing Paper, and the recent experience of the advocacy services is that little has changed. It is therefore with an even greater sense of urgency and considerable frustration that we call upon the Department of Health and Human Services to take action.

It is the view of Advocacy Tasmania, Speak Out and Citizen Advocacy that if the Tasmanian Government is serious about Sector Reform the issue of Individualised Funding needs to be considered in some depth. As an aid to this process the Advocacy Services have funded the development of this paper with a grant from the Department of Family and Community Services.

This paper aims to provide an overview of what Individualised Funding is and how it operates. Examples from overseas and Australia will be introduced and analysed, and the expertise of individuals, parents, practitioners and departmental officers will be shared. A significant part of the paper will be given to speculation about how Individualised Funding might be developed in Tasmania as a significant plank of the Sector Reform process, and how this would assist in meeting the main objectives set down within the process.

## **1.2. Author and Methodology**

The paper represents the end point of a brief consultancy by Michael Bleasdale on behalf of Advocacy Tasmania, Speak Out and Citizen Advocacy, through funding provided by the Commonwealth Department of Family and Community Services. Michael has worked in the field of disability for over 16 years. Michael is the manager of Supported Living, an accommodation support service for people with intellectual disability in the Inner West of Sydney. Michael also teaches part time to students of Habilitation at the Australian Catholic University. He is completing his PhD in the School of Social Science and Policy at the University of New South Wales. He recently spent time in the USA and Canada, researching Individualised Funding and how it operates. He was part of the International Advisory Committee that helped to organise the *Funding Freedom Citizenship: The First International Conference on Self-Determination and*

*Individualized Funding* in Seattle in July 2000, where he also gave three papers and participated in the group that formulated the Conference Declaration.

The paper's scope is limited by both resources and a short timeframe. The information provided within reflects the wide knowledge of the author about Individualised Funding across the world, and also infuses information gained from a meeting with representatives of advocacy services in Tasmania on Thursday 16<sup>th</sup> November 2000, and at an information workshop delivered at the Hobart Vista Hotel on Friday 17<sup>th</sup> November 2000.

Much of the material has been collated from conference presentations and discussions from the Seattle conference, and from subsequent interviews with significant participants in IF arrangements in British Columbia in August 2000. There has also been informal contact with individuals across Australia, who have expertise in Individualised Funding.

The primary methodologies utilised, therefore, are literature review and formal and semi-formal interviews. Acknowledgement of the ideas and opinions of others is clearly indicated throughout.

### **1.3. Organisation of the paper**

The paper is divided into two sections:

1. What Individualised Funding is and how it works.
2. How Individualised Funding can assist the Sector Reform process in Tasmania.

A series of recommendations are attached to the second section. These are included in the brief executive summary at the front of this document.

## 2. What Individualised Funding is and how it works.

### 2.1. Definition

Individualised Funding is quite a simple and straightforward concept. It means that funding is put under the control of an individual with a disability, instead of the money being passed from the fund-holders to the service provider agency, which then delivers the service to that individual. It can be defined thus:

*...public funding that is allocated to the individual, based on his/her unique strengths and needs, and placed under the control of the individual to enable them to live in the community as a full citizen (Dowson and Salisbury 2000, 64).*

(This paper is available as an attached document, as Appendix A)

This definition, with its emphasis on individual control, choice, participation and citizenship, sits comfortably with the direction that Australian disability services have been taking since the passing of the Commonwealth Disability Services Act in 1986. Tasmania's own Disability Services Act 1992 reaffirms the spirit of the original legislation when it states:

*Principle 5. Persons with disabilities have the same right as other members of society to make and actively participate in, direct and implement the decisions which affect their lives.*

and

*Standard 5. Services are to be tailored to meet the individual needs and goals of persons with disabilities.*

Individualised Funding is also consistent with the Commonwealth Government's Welfare Reform agenda. 'Individualised Service Delivery' is one of the five principles emphasised in the McLure Report, and endorsed in the Commonwealth's Response.

Welfare Reform considers a range of strategies to further people's economic and social participation, including people with disabilities. The Commonwealth is pursuing more individualised approaches to funding people with disabilities in the employment sector, through such initiatives as the Case Based Funding Trials.

This paper focuses more on individualised funding as a means of increasing the social participation of people with disabilities, and the State funded services that

have the greatest effect in this area (particularly supported accommodation services). However, there is clearly a role to be played by the Commonwealth Government in encouraging State governments to take up Individualised Funding (possibly through the CSDA) and in supporting innovative approaches to service delivery.

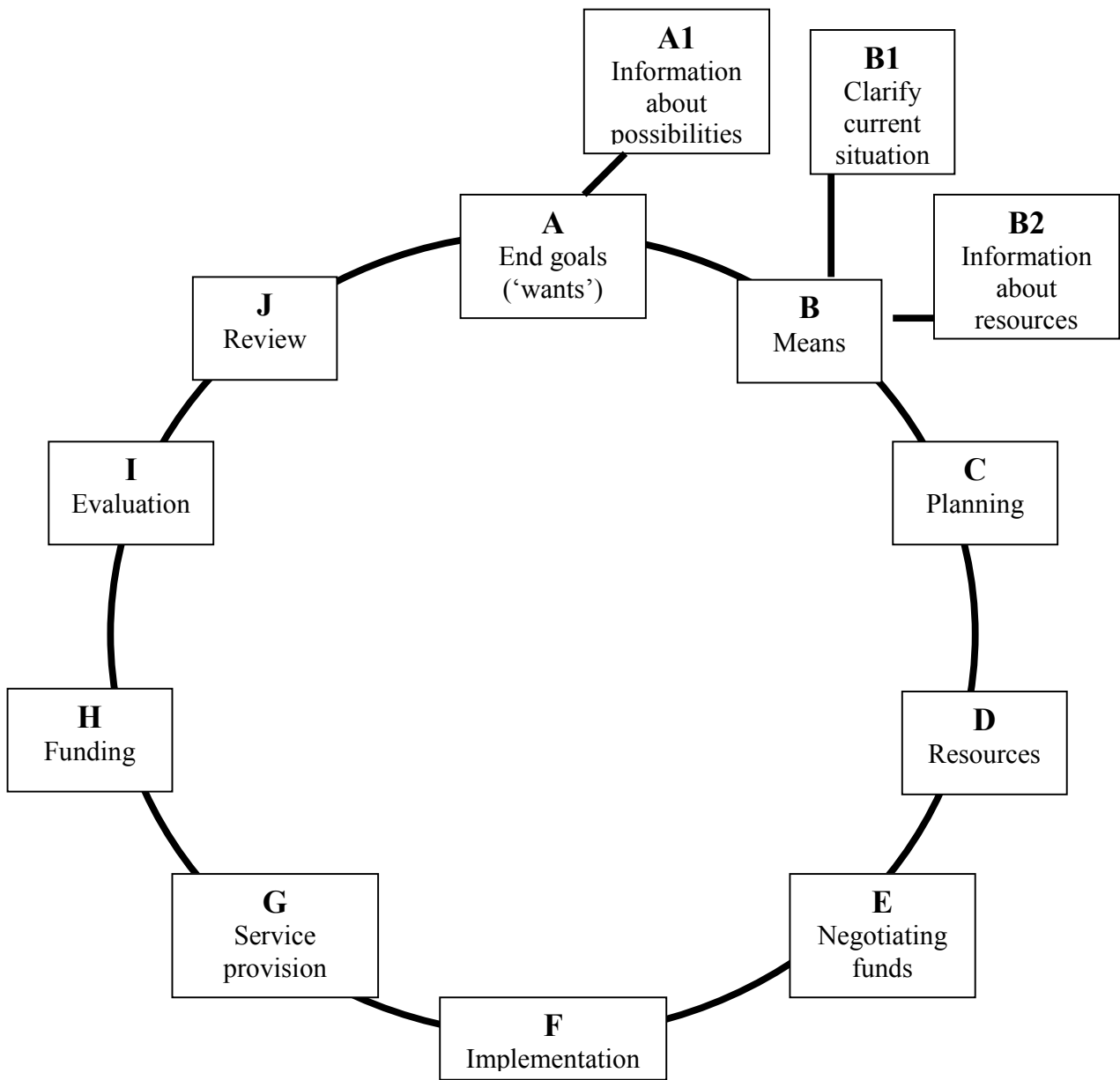
Individualised Funding is regarded by many of its supporters as the ultimate expression of self-determination, as it provides a much better opportunity for people with disabilities to maintain effective control over the service supports that they require.

## *2.2. The component parts of the disability service system*

Individualised Funding relies on a much more accurate definition of roles for those who are involved in supporting a person with a disability. Whilst this might involve a greater level of complexity at the conceptual level, the value of clearer role definition is incalculable.

The EMPRISE model, devised by Steve Dowson, is an excellent tool for analyzing the complex web of organizational and personal relationships that go to make up a support arrangement.

The Emprise model (see over on page 11) indicates the complexity of the funded disability service system. Under Individualised Funding there is a clear demarcation of roles between the various functions, whereas in traditional, block-funded arrangements the distinction between the functions is much less clear. For example, a typical funding arrangement between the state funder and a service provider will most likely involve the service provider taking on the task of devising the support plan and requirements of the person with the disability (functions A to C). Functions D and E are taken care of prior to any knowledge of the individual who requires support, as the amount of funds provided to the agency is secured through a block-funded agreement. The service provider has carriage of Functions F and G, whilst the funder is responsible for H and I. Unless there is a centralized planning agency, again the service provider leads the evaluation and review of a person's support plan (functions I and J), which is usually just a part of the internal planning process, and which informs the continuation of the service-led planning process.



The EMPRISE circle (Dowson 1999)

Under Individualised Funding the roles are more clearly defined, and the issue of demarcation is much more important. Different Individualised Funding models will utilise different configurations. But, as a basic rule, the functions of planning (A to C) should be under the control of the individual who will be in receipt of the support. The person may be assisted by family or friends, but they

remain the central point of reference for all the planning processes. If they do not have family or friends to assist in planning processes, then an independent broker would fulfil this role. In this model the independent broker also may take on the role of facilitating the functions of determining necessary resources and negotiating funds. For this reason it is crucial that the brokers remain impartial to both service providers and funders. The function of actually delivering services should then fall to the service providers, and this becomes their sole purpose. Of course they have a role to play in assisting planning and evaluation function, but service delivery is the only function that service providers have control over. The functions of funding and evaluation (H and I) are the funding body's legitimate role, and the final stage in the circle, that of review (J) should once more come under the control of the service recipient.

**The newly configured roles lead to a fundamental shift in the relationships between the various players. The role of the service provider is much less dominant within the IF arrangement. The roles that a service provider plays are less numerous, and less involved in either the planning or the evaluation of the supports. Most importantly, it is not the decision of the service provider as to who gets a service in the first place. There is far greater potential for the individual who requires the supports to decide on what supports are needed in the first place, how these supports should be delivered, and to maintain some real role in controlling those supports throughout the process.**

Steve Dowson (1999), who has devised this model, has expertly demonstrated the different configurations of the Emprise model that the various forms of service delivery lead to. It is an excellent mode of service system analysis, especially where well-intentioned, community based supports begin to fail, and no clear reason is obvious. The model also demonstrates where conflicts of interest can and do occur, and why certain models need to be pursued in certain ways.

The importance of this separation and clarification of roles was repeatedly raised at the Seattle Conference. The Conference Report summarises the benefits of an Individualised Funding arrangement that keeps the various roles separate:

*... " individuals are free to use their funds across jurisdictions and services – hence the principle of portability of funding that is so critical to people with disabilities. It provides for a process of negotiation between the individual and the holder of public funds. It also obliges service providers to treat the users as valued customers, and encourages the emergence of innovative services to meet their requirements." (Dowson and Salisbury 2001a, 40).*

### *2.3. IF as a significant shift from traditional service provision.*

Since the move to devolve large institutions, and the provision of services to people with disabilities in the community, the most common way for government departments to provide the necessary funds to resource these services has been to provide block grants. Across Australia current services for people with disabilities are funded to provide support to, usually, an unspecified number of people, who are largely admitted to the service through the admission procedures of the service itself. This can give the service considerable discretion over the individuals it chooses to support.

And while Tasmania does require non-government service providers to liaise with the Funding Body, Disability Services, regarding the filling of vacancies in services, the capacity of consumers to choose between service providers is very weak.

Over time the system of block-funding services has contributed to a number of negative consequences:

- the needs of individuals are not readily targeted prior to entry into a service, leading to a hit-and-miss approach to strategically planning supports for people with disabilities as a whole, and to dissatisfaction with service outcomes for many individuals;
- individuals are usually provided with what the service can offer, and not necessarily with what the person needs;
- there is no clear understanding of the resources required to achieve outcomes for people with disabilities;
- certain models of support predominate in the sector, making the needs of some people with disabilities impossible to address.

There is little argument that the disability sector as a whole is under-resourced, yet there is no certainty about the amount of funds required to address current levels of unmet need. The combination of lack of resources with little incentive to innovate, has led to a certain model of service provision being favoured above others, and the group home is a good example of this. A tangible result of this system is that the range of needs that can be successfully supported falls within a certain band, and those that lie outside of that band are deemed too difficult to support. To many the system has failed these people.

The Seattle Conference dealt with some of the shortcomings of the block-funded system. The inflexibility of service providers was a common theme. This results in some people being under-supported while others are over-supported.

Another recurring theme was the frequent inability of specialist disability services to enable service users to develop and grow through experiential learning. The “dignity of risk” was largely missing in block-funding arrangements, with group settings requiring a reaction to accidents and incidents that usually resulted in the little freedoms of service users being further restricted.

There have been attempts within the block-funded system to address the needs of those individuals who do not easily “fit” into the limited service types that are on offer, or who pose too significant a challenge for service providers working within set amounts of resources. In NSW the 300 Supported Places Project (1996) targeted people whose needs could not be met without the injection of significant funds into services. An amount of around \$85,000 per person per year was made available, and non-government agencies encouraged to submit expressions of interest to provide individualised supports for those people successful in applying for the funds. However, there have been significant criticisms of the Project, not least of which is the extent to which it does not represent individually designed services. In fact the NSW Council on Intellectual Disability states that:

*“Concern was expressed [by families of people with disabilities accepted for the 300 Supported Places Project] that the only options presented were group homes” (NSW CID 1998, 5).*

The 300 Supported Places Project in fact represented the targeting of funds to individuals, while utilising the existing block-funded system. Contractual arrangements were between the government department and the service provider, not between the department and the individual. In addition, the range of supports to assist with planning and monitoring were not set in place. The importance of these supports will be made clear in the next section.

**IF is based on the principle that people with disabilities and their families and close friends are the best at describing and defining their need for supports, and that they should have control over the funds that will purchase those supports. This is not a new principle. It has underpinned the Attendant Care model for over twenty years. However, many services in the disability sector still largely operate within a set of outdated assumptions, based on medical practice, that services know best, and that people with disabilities should fit their needs to these services.**

#### *2.4. Individualised Funding as a progression beyond the group home model.*

Many people who are committed to social justice for people with disabilities like to think in terms of the progress that has been made over the past few decades in the way that we have structured our service responses to people with disabilities. The institution became a focal point in the 60s and 70s that highlighted the mistreatment of people with disabilities, and the lack of opportunities for them to enjoy their human rights. Community living became the rallying point against the total institution, and we have worked hard to move people out of hospitals and into appropriate supports in community settings.

The Commonwealth Disability Services Act 1986, the CSDA in 1992, and the passing of complementary disability services legislation across the country, all represent a commitment at all levels of government and in the community for the principle of community living. Indeed, Tasmania can proudly state that it 'officially' closed its last large State run institution for people with intellectual disability, The Willow Court Centre, in November 2000.

Individualised Funding is largely about the reconfiguration of existing funds to better target the needs of people with disabilities in the sector, and therefore has a limited role to play in increasing access to these state resources. However, there is a great deal more innovation and creativity involved in delivering Individualised Funding, together with a much more conscious use of informal community supports. These innovative practices can, in some instances, serve to heighten the availability of community resources to people with disabilities, and reduce reliance solely upon the formal, disability service system. If pressure is reduced upon the disability services system by existing service users, through the introduction of Individualised Funding arrangements, then the system can accommodate more service users and impact positively upon the urgent goals of closing all institutions, Government and non-government, and addressing unmet need.

Individualised Funding can also be seen as a further progression away from institutions, as part of the community living continuum, because it addresses those power and control issues that exist outside of the bricks and mortar of the residential facilities. Issues of power and control largely concern the service user's ability to define her/his own support needs, and have some control over the way those support needs are met. Despite disability services' legislation

these issues continue to be the hardest to change in favour of the service user, and to monitor the progress of, despite services operating in community settings. For example, there is a common criticism that some group homes are run like “mini-institutions”, because often they do not afford choice of either living companions, staff, activities and meals. Things like personal choice and decision making, the ability to purchase and go where one pleases, are denied to many people with disabilities, which leads to control being in the hands of the service provider. Individualised Funding, by shifting the control over services to the service user, can provide a significant movement away from the continued control of service providers, and toward self-determination for those who use services.

### ***2.5. Individualised Funding as synonymous with the Self-Determination movement.***

The international conference in Seattle focused on both Individualised Funding and Self Determination. In the USA there is a significant movement of people with disabilities and families of people with disabilities, which calls itself the Self Determination Movement, and which stands for the control of the services and supports by themselves, rather than by service providers. The movement has lobbied for individually funded support arrangements, and the achievement of “self determination” is largely regarded as successfully controlling the resources needed for these supports.

At the Seattle Conference a list was drawn up of 35 Principles of Self Determination and Individualised Funding, which serves as a rallying point for supporters of both across the world. The principle of service users controlling their supports was a theme shared across all the Principles, and most forcefully stated thus:

*9. “People with disabilities speak from personal experience, and so with authority and expertise. Their views should be valued, and not regarded as having less importance than those of professionals” (Dowson and Salisbury 2001a, 15).*

Amongst the most important principles were those which focused on the need of individuals with disabilities to make choices for themselves, and to be empowered to take the same sorts of risks that characterise the typical lives of other members of society:

*6. “Policy and practice must acknowledge and honor risk-taking as an essential element of self-determination and an important part of life” (Dowson and Salisbury 2001a, 15).*

Australia's disability services legislation has largely been credited as driving the transition from institutional to community living. Yet the issue of ensuring the choice of people with disabilities in even their daily routines remains problematic for government departments operating through a block-funded system. The issue of service user choice was highlighted in the review of the NSW Disability Services Act (1993), which makes a strong connection between choice and the enjoyment of basic human rights;

*"The rights of people with a disability are best promoted where they have, as far as possible, the opportunity to set and realise their own individual goals for their own lives" (NSW Law Reform Commission 1999, 27).*

As stated earlier strengthening service user choice and self determination is also one of the five stated objectives of the Tasmanian Government's Disability Sector Strategic Plan 1999 - 2004.

**Self Determination is a principle that is crucial to achieving the intention of Australia's and Tasmania's disability services legislation. Its equivalent demand in North America is the movement to secure Individualised Funding for people with disabilities.**

#### *2.6. Individualised Funding as the operation of a "supply and demand" model.*

Some advocates of Individualised Funding look at the disability service sector as a supply and demand model. In the block-funded system, the supply side is targeted, with service providers (the suppliers) being granted funds with which to deliver services that they specify they are capable of providing. In turn these services are offered to those who require supports (the demand side), within the confines of the particular model the service offers. Advocates of Individualised Funding simply state that to deliver quality services that are actually going to meet people's needs, funds should be targeted at the demand side of the equation: in other words to the service users themselves.

The benefits of targeting the demand side, rather than the supply side, are largely qualitative. The obvious advantage is that actual needs can be accurately targeted with properly costed funds, and service providers held accountable for the support they provide, both directly to the state funder, and to the service recipient. An important shift takes place in the power relationship between the service recipient and the provider, with the provider now dependent upon the continued support (financial) of the recipient for its ongoing viability.

There is a perception that service providers are universally opposed to the introduction of Individualised Funding arrangements, because of the threats posed to their block-funded grants. The notion of service users choosing services based on their ability to adequately and accurately meet needs is viewed by some service providers as imposing an uncertain funding environment, in which it becomes increasingly difficult to operate, let alone innovate. However, there are service providers in the USA and Canada who have embraced the challenge of meeting the needs of people with disabilities from this individualised standpoint, and who are delivering quality outcomes to those who have managed to operate their own funds. In Australia too, there is no evidence to suggest that there has been a significant backlash amongst service providers against the climate of contracting out that now characterises the disability and other welfare sectors in many parts of the country. The challenge of providing services in the non-government sector, utilising a full-cost recovery funding formula, is now an accepted part of running a successful agency. There is no reason to believe that the introduction of Individualised Funding to disability services in Australia would result in a significant backlash by service providers, or a resistance to deliver the necessary supports. In fact Individualised Funding opens up considerable opportunities for innovation and growth in services for progressive service providers.

In Tasmania, Government provided services remain a significant part of the sector. The issues of client control, client choice and service provider responsiveness are as applicable to government providers as non-government. Furthermore there is no sound reason why government providers should not have to operate within the same funding and regulatory regime as non-government providers.

By and large Governments across Australia are in the position of delegating resources and responsibility for the provision of disability services. The representatives of the relevant government departments, then, have a pivotal role in driving the sort of attitudinal change that is necessary to move from a block-funded system to an Individualised Funding system. It has to be acknowledged that resistance to change might emerge from the practical issues that arise from channeling funds directly to people with disabilities, instead of services which are properly and legally constituted, rather than from a position of ideological opposition. It is also useful to consider the opinions and experiences of those government officials from overseas who have successfully administered the funds to run Individualised Funding services. David Young, a senior bureaucrat within the province of British Columbia, advocates Mixed Model Funding, which is a mixture of both block funding and Individualised Funding. This model maintains some funds direct to the service to ensure a viable infrastructure, and to continue a broad planning and strategic role for the

state disability services, at around 20% of a service's costs. The remaining 80% comes from direct funding dollars to individuals with disabilities, who in turn purchase the services of their choice. In other words, the majority of the funds go to the demand side. Young sees three steps to achieving this mixed funding model:

1. *Community living services to renegotiate their contracts to include a larger variable amount in their annual budgets. This money would be forthcoming from the provision of supports, for which services would bill the government. This is very much a third party arrangement, where the funds do not go directly to the service user. The step allows the agency to gauge whether or not it is structured to meet these different funding demands, and gives it time to adjust.*
2. *Provide funds direct to the individual, in the most efficient way possible. Possibilities include going through the social security system, or the use of smart cards, which contain funds and can only be used for specified purposes with approved agencies.*
3. *The development of guidelines for purchasing services outside of the formal service sector. Greater choice needs to be balanced by consideration of how quality and standards can be maintained outside the jurisdiction of the formal sector (paraphrased from Young 2000).*

**Conceptualising Individualised Funding as the change from a supply-funded model of support, to a demand-funded model, helps to understand the potential efficiency of funding the disability sector according to Individualised Funding principles.**

## ***2.7. Models of Individualised Funding***

This section focuses on the way that Individualised Funding has worked, with much success, in the USA, Canada, the UK and also Australia. As the principle of Individualised Funding is such that each person who receives funds can innovate and design a service that is unique to her/his needs, the notion of developing set "models" of Individualised Funding is somewhat contradictory. However, there are a number of models, potentially as many as there are individuals who receive Individualised Funding. This paper will concentrate on three:

- Direct Payments
- Brokerage
- Microboards

### 2.7.1. Direct Payments

The concept of Direct Payments is fairly self-explanatory. It is a system whereby people with disabilities have the funds they require to purchase supports paid to them, and it is largely up to them which providers they use and which types of support they have access to. Despite its simplicity, this represents a considerable departure from the current system of funding the services and requiring individuals with disabilities to access the supports they require through these services.

There are a number of examples of direct payment from the USA, Canada and the UK. In fact, much of what is lobbied for, in the names of both Individualised Funding and Self Determination, is conceptualized in the form of a direct payment, either to the potential service user, or to representatives of that person, usually the family.

*Marion lives in her own cooperative apartment in a small suburb 30 kms south of downtown Vancouver B.C. She is wheelchair mobile, and requires a ventilator 24 hours a day to assist her breathing. Until recently Marion lived in a residential facility in the city, but lobbied hard for many years to have the opportunity to return to the suburb of her birth, so she could be closer to her ageing mother, and to her friends.*

*With the help of the IF Project that is operated by the British Columbia Coalition of People with Disabilities (BCCPD), Marion was able to individualise the funds spent on her in the large residential, and transfer these to an independent living situation which she manages. Marion is fortunate to have a number of friends who are happy to work with her as her attendants, which has meant that the support she receives is of the highest quality. She has entered into a contractual arrangement with the residential facility that she left, which guarantees the transfer of funds, and which clearly articulates the responsibility Marion has for her own care and support. Marion has to account for the dollars she spends every month on a straightforward income and expenditure statement.*

Examples of direct funding of individuals can also be found in Australia, and in fact Tasmania has a number of examples of successful individualised funding arrangements. One example is that of D.G.Lewis Pty Ltd which is an independent company whose directors include an individual with disabilities (the person receiving support) and unpaid family and friends who act as personal advocates.

D.G.Lewis Pty Ltd receives funds from the Department of Health and Human Services on behalf of specified individuals and manages the funds in accordance with individual needs for support and development.

Originally established some years ago to provide a structure that would enable individualised funding to be provided to one person with disabilities, D.G.Lewis Pty Ltd has since assisted a number of people with disabilities, often with the help of family and friends, to establish and maintain highly successful individually funded and tailored support arrangements.

*Shane has an intellectual disability and depends on assistance from his five support workers, employed by himself, to live independently in his custom built house within a suburb of Hobart.*

*Shane needs 100% support with his daily living requirements including communication, and relies on personal advocates to help him to direct his support workers and to monitor the quality of service provided.*

*Together with his mother and a close friend they established a company, which manages the support dollars from the State Government.*

*Friends and family also help out with personal support from time to time.*

*Individualised funding was sought for Shane in order to offer him the opportunity to take greater control over the employment of his staff and closer direction over 'how' the dollars could be spent.*

*Overheads for the management of the program are kept to a minimum as friends and family volunteer their skills, thus saving valuable financial resources, which may be directed back into the program to meet Shane's personal needs.*

In the UK the recipients of Direct Funding are pleased with the flexibility it affords them and the control they can have over the quality of supports they hire. The increased choice and control is viewed as very positive, especially when compared to the lack of flexibility in the local authority services they previously received (Scottish Executive, 2000). Where direct payments have not been so successful it would appear that some confusion about how to operationalise it exists, and in fact dissatisfaction on the part of service users only seems to surface when what is offered as direct payments does not really meet the criteria. Arrangements that do not satisfy the criteria are:

- *Payments for support direct to the agency*
- *No supporting agency for service users*
- *Payments allocated, but only payable to a fixed range of providers (Scottish Executive, 2000)*

From the author's own research it would appear that even direct payment arrangements might be facilitated, at least initially, by the involvement of a special project worker who is employed to provide the kind of administrative and other support to the person in receipt of the funds. To enable the project worker to assist the person with a disability in relation to funds, they need to be employed separate from both government (the funder) and a specialist disability service (the provider), although the person employed in this capacity might benefit from having had experience working in either or both. The IF Project of the BCCPD in British Columbia is a good example of a project that has assisted a number of people with a variety of complex physical, sensory and developmental disabilities to individualise their funds and move from institutional to community settings. The tasks of preparing people to manage both the transition and the responsibilities of becoming an employer and manager of their own support arrangements, were facilitated by a project worker, who continues to assist when problems occur. The project has been funded by the government, but operates independent of government.

### **2.7.2. Brokerage**

Brokerage refers to a process whereby a person with a disability employs a person to assist them with the processes of planning, getting resources and then hiring and reviewing the quality of service providers. The task of organising an individualized funding arrangement can be quite complex, and sometimes difficult and tiresome for an individual. The services of a broker, as long as they are provided independently, can be of considerable benefit.

Brokerage is a term that was coined, in relation to Individualised Funding and support to people with disabilities, in the 1970s:

*... "this is the model that the Woodlands Parents Group developed in 1976 in British Columbia to begin the process of deinstitutionalisation. Further to the earlier postings on this topic, we found that by linking parents who were fearful, with others who'd had a positive experience with their sons and daughters moving back into the community, people's attitudes began to slowly change. For a lot of parents, the prospect of community living was scary because they had been socialized to think that safety and security could only be found in the institution." (Salisbury 2000b, email correspondence).*

Brian Salisbury, one of the conference organisers and authors of the Conference Report, is an independent broker who was involved in the first IF model, the Woodlands Parent Group in BC (started in 1976, when the closure of the Woodlands institution provided an opportunity to implement individualised funding arrangements for those who were moving to community settings). He has indicated the roles and functions of a broker are:

- *to provide advice and information*
- *to assist in reviewing and clarifying lifestyle needs and expectations*
- *to develop and/or review personal plans*
- *to negotiate individualised funding*
- *to locate, arrange, monitor and evaluate community services and resources (specialist and generic, and those that can manage IF)*
- *to resolve and mediate problems*
- *to help modify existing services and stimulate the development of new services (Salisbury 2000a).*

The NSW Ageing and Disability Department recently introduced a new Disability Service Access System. This system is not brokerage. However, it involves independent Support Planners in the drawing up of support plans for people with disabilities. These support plans are drawn up over a period of about four weeks, and are submitted to the Ageing and Disability Department, who then provide the funds, and suggest service providers who can deliver the necessary supports. This is at least a step forward in diverting funds according to need toward not only service providers, but also to other people in the community who might be able to perform a supportive role. The new system definitely supports the principle of diverting funds to other community agencies than just the current service providers. At the moment it limits these independent players to a planning role, and this does not yet even include a role in the review of service quality and change in circumstances. However, as the system grows, and becomes an important mechanism for injecting new funds into the system, the potential for an expanded role of Support Planners into brokers, increases.

Debate continues about the ideal training and background of independent brokers. An important principle is that brokers must be independent of government, which is not difficult to achieve in a climate of contracting out to the non-government sector. There are two major reasons for ensuring the independence of brokers from both service providers and government:

- brokers must assist the person with disability to conceptualise their needs and requirements, and help to develop a plan that is described from the

- person's view, and not from the view of those who have services to fill (ie service providers and funding bodies);
- people with disabilities must have the option of hiring or not hiring a broker, and also have the option of dismissing a broker if they are not satisfied with her/his work.

The temptation is to provide government case managers or support coordinators with the additional task of brokerage, but clearly this does not meet the two crucial criteria mentioned above. In Tasmania the newly created Service Coordinator roles, which grew from the previous Case Management function lack the key characteristics of independence and choice and are therefore unlikely to adequately perform an effective brokerage role in an individualised funding system.

However Tasmania does have considerable expertise in brokerage-type service delivery through the Community Options services which operate in the Home And Community Care (HACC) Sector and in Community Aged Care Package brokerage. There is also a considerable body of knowledge and experience remaining in the state due to the staging of the Careworks Trial which involved integrated care planning and brokerage to frail elderly people with complex needs.

In summary, brokerage can be viewed as an adjunct service to people who wish to direct their own supports, and who may need some assistance in the complex processes of planning, negotiating funds, administering funds, hiring and training staff, and providing the necessary paperwork to meet accountability standards back to the funding body.

### **2.7.3. Microboards**

An option that is growing in popularity, due to its success, is that of the Microboard. This option is particularly helpful for individuals who may have a severe level of disability, or a disability that involves complex arrangements of care and support. Its definition is:

*“A microboard is formed when a small group (micro) of committed family and friends join together with a person with challenges to create a non-profit society (board). Together this small group of people address the person's planning and support needs in an empowering and customized fashion. A microboard comes out of the person centred planning philosophy and is therefore created for the sole support of one individual” (Perry 2001).*

Microboards enable funds to be individualised, and paid to the small non-profit society, so that control over supports is maintained by the person, their family and friends. In many legislatures the payment of public moneys requires that the recipient has some legal, organisational status, and the Microboard is one way of meeting this requirement. Apart from the traditional office bearers, such as Chair or President, a Deputy, a Treasurer and a Secretary, the Microboard may appoint other, specialist positions, such as Staff Liaison officer, especially if there are complex support arrangements to establish and coordinate. As with all community boards of management, members of the Microboard give of their time voluntarily, and it is important for each of them to have some sort of personal relationship with the person for whom the Microboard is established.

In British Columbia microboards have been facilitated and resourced by the Vela Microboard Association, which runs with the aid of a small government grant, and a successful fund-raising enterprise. The association assists in the establishment of new microboards, provides ongoing advice to members of microboards, and troubleshoots when problems occur. Where there are no family or friends involved in the life of a person with a disability the association can facilitate meetings with potential microboard members, who will, after time, build up a solid relationship with the person and form the start of a social and support network.

Microboards do not target people with specific disabilities, and people with a variety of physical and intellectual disabilities utilise them. In instances where there are issues of the service user's ability to manage both the complex funding and service delivery issues, the existence of a small board of management to oversee these affairs might be favourably viewed by a nervous funding body. Given that most support funding is targeted toward people with intellectual disabilities, the ability to place resources under the management of a microboard may be preferable to direct funding some people in this client group.

*Bob is a 35 year-old man who has cerebral palsy, who requires assistance with all his daily living tasks. His main interests in life are, by his own admission, beer, football and women. He lives in his co-op apartment near downtown Vancouver, and has a number of attendants, which he instructs to provide the support he needs. His support dollars, and the design of his support routine, was facilitated by the Vela Microboard Association, which still maintains regular contact. In fact Bob is on the Vela board of management. He has a microboard, of which he is the President, and which also involves his brother, a professional living nearby in Vancouver. Bob's other family lives in the north of Alberta, and he makes regular trips, with his assistants, to visit them, in both winter and summer. Bob used to live in an institution for people with physical disabilities in Vancouver, but was provided with an opportunity to individualise his funding and move to this independent setting. The freedom that his new life affords has meant that he has increased his activism in disability advocacy, and now participates in some sports, especially bocci.*



### **3. Sector Reform in Tasmania**

As stated in the Introduction, the Tasmanian State Government has embarked upon a process of Sector Reform, as a result of the significant problems being experienced in the disability services sector.

This paper will discuss three of the main problems that the Sector Reform Project aims to overcome as:

- Access to Services
- Meeting Individual Needs
- Funding and viability issues

#### **3.1. Access to Services.**

The issue of access to services has a number of components, not the least of which is the inadequacy of funds for disability services nationwide. The critical unmet need in all service types demonstrates this fundamental shortage of resources.

Individualised Funding cannot address resource and funding issues at this fundamental level, as this requires action at the community attitude and political levels. However, looking from a person-centred perspective the problem is not just a shortage of places within support services, but a lack of choice over what is available to the individual, and over how that service might be delivered. Access to and between services is hampered by a lack of flexibility, resulting in blockages within certain service types and a lack of quality outcomes for people who use those services. The first Ministerial Briefing Paper (Advocacy Tasmania, Speak Out and Citizen Advocacy, 2000) catalogued some of the major difficulties experienced by those who receive some service, but are not fully benefiting from them because of service limitations and failings. Whilst the response of service providers might be to demand more funds, it is clear from the Briefing Paper that more innovative models are needed to ensure that more effective outcomes are achieved for those who use services (Advocacy Tasmania et al. 2000, 5-7).

There are two challenges, then, for the Tasmanian government if it wishes to overcome the current problem with access to services:

1. to provide greater resources to the disability sector to enable wider access to necessary support by people with disabilities;

2. to provide those resources in ways that ensure accountability and quality to the individuals who receive the support.

This would suggest that a strategy of enhancing current disability service funds, so that more of the same services can be delivered, is not the preferred option. Instead a strategy of introducing new funds in a format that ties them to individuals with disabilities would achieve both aims, the extra funding, and the need to acquit and account on the basis of quality and satisfaction of that individual.

It is here that the Commonwealth Government has an important role to play in both the quantum of funds it allocates to the states and the conditions it does or does not impose on the States in how they utilise funds.

**Recommendation 1: That all new funds designated for the provision of service and support to people with disabilities, be introduced with direct reference to the individuals who require those funds.**

A number of tools and strategies need to be introduced to enable new funds to be designated in this way. The first is a comprehensive planning mechanism, which will detail the types of support an individual requires, and provide a framework in which to work out details of how services might be delivered and how much they will cost. Accepting that the role of government is to make decisions about eligibility and levels of funding, a new system, similar to the Service Access System in NSW, might be introduced so that comprehensive plans can be forwarded to the Tasmanian Department of Health and Human Services (DHHS) for decisions about levels of funding to be made available for service provision. This process must place the person with disability at the centre, and validate her/his expertise and experience of living with their disability, as well as that of their close family and friends who are working in their interest. The plan would indicate the support that needs to be provided by specialist service providers, and also outline which supports can be provided by more generic, local and even informal, family assistance.

**Recommendation 2: That a new system for accessing services be piloted, that enables all people with disabilities who require funds for services to have their needs recorded in a comprehensive support plan, with detailed costings included.**

Principles of Individualised Funding require that support plans for people with disabilities be provided with planners who are independent of both government and service providers. One reason for this is the avoidance of any conflict of interest or limitation of support options. A benefit of utilising independent support planners is their capacity to frame the requirements of a person

according to the individual's understanding, and not from within the narrow options offered by a service. This leads to plans which pose a challenge for services to meet, a challenge that is facilitated by the injection of funds specifically to achieve the outcomes in the plans. This in turn leads to the linkages between services, based on the requirements of certain individuals, which currently form one of the access barriers to services in general.

**Recommendation 3: That the piloted access system utilise independent support planners, and a person-directed planning process to ensure that the needs and aspirations of the individual with disabilities are identified by the person (and family and advocates where appropriate). Furthermore, that this new system and the current Service Coordination system be evaluated at the same time to establish the merits of each.**

In an Individualised Funding arrangement a number of options are possible, including provision for a Broker who can assist a person with disability access the services or supports they require. The need for coordination of services and supports is great in an environment of contracting out and multiple service access by individual clients.

Rather than relying upon the emergence of independent Support Brokers, the most immediate solution is to provide funding for a service brokerage agency, which is independent of government. This may be via an existing Community Options brokerage service or similar, or through the establishment of a small separate agency. This service would employ a number of Support Brokers adequate to provide planning and brokerage support to people with disabilities.

**Recommendation 4: That DHHS provide funds to establish a Support Brokerage agency, initially for a pilot period of three years, to enable the individualizing of support funds for people with disabilities.**

The Support Brokerage agency could also take on the function of support planning, and would have the capacity to enable people with disabilities to access brokered support and direct funding arrangements. Should a person with a disability choose not to employ a Support Broker, but to manage funds and organize supports for themselves, the role of the Support Broker could be as fund holder. A person who has not utilised the Support Brokerage agency in the planning and early implementation stages still has the option to use their services at a later stage, for example if needs change or if there is some difficulty with the support arrangements that have been put in place.

**Recommendation 5: That the Support Brokerage agency be given some discretionary funds with which to provide support to people with disabilities who initially did not utilise its services, and that it remain responsive to people in need.**

The Department of Health and Human Services (DHHS), through its HACC Program, is currently considering following up Careworks with a 'Packages of Care' Program which will involve a broker of sorts and a form of individualised funding. At the same time DHHS, through Disability Services, is reviewing the way it allocates and administers its personal support packages (individual packages of support hours) and planning how it will utilise new Commonwealth funding targeting individual people with disabilities living with ageing carers. It would seem extremely timely to recommend that DHHS seriously consider the models of individualised funding and brokerage recommended in this paper.

### *3.2. Meeting Individual Needs.*

The second important aspect of Sector Reform is that of better meeting the needs of individuals with disabilities, and ensuring that people with disabilities remain empowered, both within their services, and in the community generally.

The previous section has addressed some of the ways that Individualised Funding principles and strategies can assist in the development of accurate individual plans, which can in turn improve access to needed services. This section will focus on improving the quality of services and supports that people with disabilities receive, specifically through the advantages of directing funds to the demand side, rather than the supply side, of the resource equation.

Despite the potential for individual funding and service delivery within the Disability Services Act (DSA), a clear policy needs to be articulated that entitles people with disabilities to have resources targeted at them in ways that will ensure their needs are met, and that they retain a central role in the planning and delivery of supports. The Tasmanian DHHS needs to articulate a policy that all new funds for the disability sector will be allocated on the basis of individual, assessed need, and that a variety of mechanisms will be made available to individuals to enable them to maintain control over the spending of resources and the manner in which supports are delivered.

**Recommendation 6: That after completing the evaluation of the first year of the pilot project, and subject to a positive evaluation, that DHHS develop a policy framework that a) articulates the right of people with disabilities to receive funds that are matched to their assessed need and b) asserts the right of people with disabilities to maintain a central role in the planning, development and evaluation**

**of the service and supports they acquire with their funding and c) provides mechanisms to allocate all new funding to individuals**

The question of service user participation in services is frequently monitored within services, as it plays such a crucial part in the culture change that has been driven by the Commonwealth and State DSAs. This usually involves the complex interplay between service users, service delivery agents and management committees, and monitoring is often focused on the extent to which service users have their voices adequately represented at the management level. Individualised Funding arrangements cut through the need to construct complex managerial structures, as the control of the service user is assured by their control over the funds. This in turn enables people with disabilities to increase their influence upon services to deliver supports in ways that will meet individual needs. The pilot described in Recommendations 3, 4 and 5 would provide these opportunities. However, it may be necessary to fund another pilot scheme, to enable people with complex and high levels of disability, and particularly with intellectual and/or psychiatric disability, to exercise the same choice and control over their supports. This pilot scheme should be modeled on the microboards, and resources made available to develop support networks around individuals. Drawing upon the years of experience of groups like D.G.Lewis Pty Ltd and others in Tasmania, who are operating individualised funding arrangements, this state is well placed to successfully conduct such a project.

**Recommendation 7: That DHHS provide funds to develop and run a pilot to develop strategies for providing people with disabilities with independent support by people in freely given relationships. That this project look specifically at the Microboard concept, as well as other approaches (eg such as that taken by DG Lewis Pty Ltd). That the project be funded for a period of three years, in which time it will aim to develop, run and maintain up to 20 microboards or alternatives across the State. Upon completion the program will be evaluated and funded on a continual basis if it is successful.**

The significant change in funding mechanisms, and empowering service users to take control over their supports, will go a long way to better meeting individual needs. However, it will be important to gain the support of service providers, and to facilitate a considerable change in attitude, and in the way that supports are delivered to service users. Overseas experience suggests that Individualised Funding arrangements can only work, at least at the preliminary stage, with the support of formal service providers, who see the change to demand-targeted funding as a challenge that is worth meeting. In NSW a pool of “preferred providers” is being developed, to enable people who receive funding through the Disability Service Access System, and other pools of funding, to quickly access suitable and accredited service agencies. In Tasmania it may be necessary

to identify a similar pool of preferred service providers, and to then offer incentives to services to participate as the recipients of funding in the pilot projects recommended above.

It may be that changes to the process of evaluating service delivery, including a greater emphasis on consulting with and evaluating the outcomes of individual service users, that are being considered as part of the Sector Reform Process may provide guidance as to how this may be done.

**Recommendation 8: That DHHS develop and implement a strategy and criteria for identifying “preferred service providers” throughout the State, and offer incentives to agencies who express an interest in responding to Individualised Funding arrangements during the period of time that the pilot projects are in operation.**

One of the key concerns that service providers have in relation to responding to Individualised Funding, is the continued viability of their services in a new funding environment. It will be important for DHHS to allay these fears, and this topic is addressed in the next section.

### *3.3. Funding and Viability Issues.*

It is impossible to discuss potential models of support to people with disabilities without factoring in the equation of resources and funding. The responsibility of governments around Australia is increasingly not to provide, but to fund disability support services, and in this capacity it is essential that government departments are able to plan for a sustainable and viable disability services industry.

One of most pressing reasons for the Sector Reform Project has been the concern within the Tasmanian disability services sector that a number of services will cease to operate unless a solution to the crisis in funding is addressed. The process aims, therefore, to address the wider problem of service and sector viability, whilst ensuring that funds are spent efficiently and with the maximum benefit to the people with disabilities for whom they are meant.

Individualised Funding is often characterised as the means by which people with disabilities, who have access to powerful advocacy, are able to access a much greater level of resources than is normally the case to meet their full range of support needs, and to ensure a lifestyle that is much more privileged than that of the majority of people with disabilities who live with support. This view has been reinforced in Australia through the selective introduction of Individualised

Funding packages to restricted numbers of people, which has made the selection of those people highly competitive and reliant upon strong advocacy. There are many, then, who are critical of Individualised Funding as being inequitable. There is also a perception that Individualised Funding is a more expensive option of providing resources to people with disabilities, as arrangements do not make use of the economies of scale as traditional services do, and a wider range of an individual's needs are typically addressed and met within these arrangements.

### **3.3.1. Is Individualised Funding inequitable?**

Any system that does not guarantee any level of support to people, despite an obvious need, will not be able to guarantee equity of service provision. The majority of examples of Individualised Funding in Australia have in fact been ways of directing funds to the traditional services, but in such a way that the needs of people who have been hard to meet can be met within these services. The introduction and implementation of Individualised Funding requires a significant change in the way public funds are channeled to those who require support, and attempts have been made to introduce it as a pilot, in the form of a "service model" or "service option". The funds allocated for these small-scale projects have borne direct comparison with the average of other service recipients, and this has led to the perception of Individualised Funding being expensive. There is, however, an opportunity for a broader implementation of Individualised Funding that would negate arguments of inequity, should it be made available to all. There is growing evidence that funding bodies are beginning to take this option in the USA, safe in the knowledge that the pick-up on a new type of system will be gradual, and that implementation can be achieved and evaluated over time. What is required to achieve the move toward this option is a commitment by government toward the principle of providing people with disabilities with the opportunity to receive their supports, and the resources that are required to fund those supports, in an individualized manner.

In terms of funds, the principle of providing resources on an individualized basis to people who require support will not, of itself, guarantee a significant improvement in a system that is currently failing due to lack of resources. As with any significant transition, it is likely that an influx of additional dollars will be required to enable a shift in processes and personnel to cope with the new systems of support that Individualised Funding requires. The fact that Individualised Funding requires a comprehensive assessment of need and a strong individual plan, will also mean that more needs are likely to be addressed for each person, resulting in higher direct support costs. Where there may be some scope for balancing the ledger is in the efficiencies brought about by the

more effective targeting of funds toward support, and a limited and controlled amount toward service infrastructure and management costs. The promotion of plans which enable the greater involvement of existing community, local and family resources, can lead to less reliance upon a specialist service sector for tasks that may be more mundane (eg. domestic duties, traveling, shopping etc). In instances where control over funds falls to the individual with disability, there is evidence to suggest that savings can be made, and funds actually remitted to the funding body:

*“When I first started getting [Individualised] funds the program was just a pilot. The first year I had a surplus of over \$5000. The second year was even more. The majority of other people I talked to were reporting similar numbers. I would hazard a guess that it was only the users who were inadequately funded in the first place who had any money problems. On the other hand, if the funds went to an agency, they were always completely spent with no questions asked. It was a given that the agencies had overheads and the Province had no problem paying their fees” (Roger Jones, Internet posting 2000).*

This highlights the current situation, whereby service providers are unlikely to remit funds in a climate where they feel they are overall being underfunded. There is greater accountability for funds spent under Individualised Funding, than there currently is under the block-funded system, and the control over how those funds are spent lies in the negotiated agreement between the government body and the individual receiving funds, and not with the service provider.

### **3.3.2. Will the Disability Services System be viable under Individualised Funding Arrangements?**

Understandably service providers will be concerned about a radical change in the way they receive funds to run their services, especially if that change means a significant reduction in their annual operating grants, and a reliance on the purchasing capabilities of those who require their supports. This situation is exacerbated in a climate where there appears to be great uncertainty about the future viability of many service providers in Tasmania, given the current limits on funding.

Individualised Funding has the potential to provide greater certainty for service provider agencies, on the condition that those services provide high quality services in ways that accurately meet the needs of people with disabilities. If agencies achieve both the structural and attitudinal shift necessary to become responsive to the support requirements of new service recipients, then the growth potential, as well as the potential to seed and grow the innovative service culture, is virtually limitless. More funds for supports are likely to be made

available, if political pressure continues to be applied, and the exclusion of people with disabilities continues to receive public attention. But, more importantly, the prospect of a service sector delivering quality supports in ways that service recipients actually want, will encourage state funders to take pride in the programs they support and seek enhanced resources to further deliver their successes.

Despite the future potential of IF to make service provision better and more responsive, doubts will understandably remain as to how the transition from a block-funded system to one which is demand-led. There are three basic strategies that need to be implemented to ensure the transition takes place smoothly:

- the setting of departmental budgets that allow for simplified decision-making and flexibility in the allocation of funds to individuals;
- the gradual withdrawal of block grants to service providers, and the move toward user-funded supports;
- the cooperation of relevant unions to ensure the maintenance of proper award wages for, and retraining to, existing support service staff.

It is important that unions become involved in discussions about the implementation of Individualised Funding so that issues of workers' wages and conditions can correspond to the level of funding that is made available to people with disabilities. Evidence from overseas suggests that even large funding packages are frequently not costed with regard to any relevant base wages, and with even less regard to penalty rates. This has led to many situations of people with disabilities and their families trying to stretch inadequate funds by paying workers less than the minimum requirement. In British Columbia there has been a good deal of resistance by established unions toward the change from traditional, block-funded services to Individualised Funding arrangements, in the main because of the reduced power of workers to collectively bargain when in isolated and smaller work settings. The opposition by unions toward Individualised Funding is based on a fear that wages and conditions will be driven down by forces of competitive tendering, and this is understandable given the inadequate funds that are often provided to individuals to cover the cost of their support. A real danger exists, as it did when residential facilities were being closed down, that wages in new settings may be less than those in older settings, providing a huge disincentive for workers to progress to service models that are acceptable to people with disabilities.

The actual work involved in delivering supports to people with disabilities who have access to Individualised Funding brings with it significant challenges and opportunities, for which retraining must be made available. These should also

open up a range of opportunities for advancement within a competency-based system of training and performance review, and these incentives should assist workers in the transition from the current system to the new. Therefore, it will be important to include unions in any aspect of Sector Reform in Tasmania, so that workers can be involved from the start in developing the conditions under which they will work, that unions can vary existing awards to include options for flexible support provision, and that realistic levels of funding can establish the integrity of Individualised Funding packages.

**Recommendation 9: That relevant unions be included in the planning and implementation of Individualised Funding projects in Tasmania, to ensure continued parity of wages between workers in traditional block-funded services and Individually Funded services.**

### 3.3.3. Budget setting and cost limitation.

Given the concern about costs of service provision spiraling out of control, and addressing the need of government to operate within strict and accountable guidelines, the issue of how to set global budgets and limit individual funds has to be faced. Steve Dowson and Brian Salisbury have given consideration to the issue, and have come up with following suggestion:

*We think that there are three broad strategies which could be used (rightly or wrongly) to manage the costs of an IF system:*

*CAPPING: Setting a fixed upper limit on the amount of funding which will be allocated. This limit could be applied to each request for IF money. Alternatively, the allocations could be adjusted as necessary in order to hit the overall budget target at the end of the year.*

*FILTERING: Setting some rules about the kinds of individual need which are considered acceptable for funding - and/or, possibly, the ways of meeting needs which are acceptable.*

*TRUSTING individuals/families to ask only for as much money as they really need. This may not sound like a strategy at all, but could count as one if an effort is made to develop the right kind of relationship between individuals/families and the agency that holds the money (Dowson and Salisbury 2001b)*

In order to facilitate the capping option, it might also be necessary to provide “bands” of funding, so that the minimum and maximum limits of what might reasonably be expected for similar amounts of support can be set.

#### 3.3.4. “Unbundling” block funds.

The term used for dismantling the block-funded system, and making it responsive to the funds provided by individual users is “unbundling”. This term is very descriptive of the process whereby service providers relinquish the surety of their funding from the government departments, and set about allocating resources according to the needs of the individuals whom they support. The question of how services can begin to unbundle their block grants has been addressed in two overseas contexts, the UK and Canada.

Young’s strategy (see 2.7.) of ensuring the ongoing viability of service providers through funding to their infrastructure, reducing gradually over a period of three years, has the benefit of implementing a radical shift toward funding the demand side of the equation, whilst ensuring service viability through the continued resourcing of vital infrastructure costs. The timeframe imposed on this dual funding will depend upon the funding body’s realistic expectations that change will take place.

**Recommendation 10: That DHHS consider the introduction of an infrastructure costs model (including staffing, administration, rental etc.) of 10 – 15%, as a component in the proposed pilots, with a long term view to its introduction across the sector.**

## **Conclusion**

This paper has sought to inform its readers as to the workings and benefits of a disability service system that utilises Individualised Funding. It has aimed to give some idea of how Individualised Funding is growing in its application both overseas and in Australia, and how it has successfully addressed the needs and wishes of those people with disabilities who require support and assistance. It has provided some recommendations about how Individualised Funding might be implemented in Tasmania, and the potential benefits and challenges that this would raise.

It is the hope of Advocacy Tasmania, Speak Out and Citizen Advocacy that this paper will provide both information and a stimulus to the Tasmanian and Commonwealth Ministers responsible for Disability Services to develop service options which utilise Individualised Funding and the associated elements.

However, for such options to become a reality, there needs to be a groundswell of support from people with disabilities, their families and supporters, as well as service providers, bureaucrats and anyone else who believes in the merits of the Individualised Funding approach outlined in this paper.

To this end we present this paper as a public document so that it may help to inform all stakeholders in the Tasmanian Community and to engender the support that is needed to create the new individualised funding and service provision opportunities that are so badly needed.

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