



National Disability Insurance Scheme

Personalised Budgets

Proposal for a new NDIS budget model

Technical information paper

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



Contents

Message from the CEO	3
1. Executive Summary	4
1.1 A better way to plan	4
1.2 Personalised Budgets	5
1.3 Developing the Personalised Budget model	6
1.4 Implementation	7
2. History and context	8
2.1 Insurance principles	8
2.2 The role of budget models	9
3. Current Challenges	10
3.1 Participant Experience	11
3.2 Fairness and Consistency	13
3.3 Flexibility	15
4. Personalised Budgets Design	16
4.1 Personalised Budget model	16
4.2 Functional capacity assessments	17
4.3 Environmental and personal factors	18
4.4 Draft budget	20
4.5 Exceptions	21
4.6 Goals	22
5. Personalised Budgets Methodology	24
5.1 How we're building the proposed Personalised Budget model	24
5.2 Profiles	25
5.3 Second independent assessment pilot	25
6. Implementation	26
6.1 Legislation	26
6.2 Planning policy	26
6.3 Ongoing oversight	27
7. Conclusion	28
Acronyms	29
Example Profiles	30

Message from the CEO

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

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

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

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

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

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

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

This new approach to delivering Personalised Budgets is still being developed and may change based on our ongoing consultations on the proposed reforms to the NDIS, including independent assessments. The National Disability Insurance Scheme Act 2013 (NDIS Act) will also have to change before we start to introduce this new approach.

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

Martin Hoffman

Chief Executive Officer
National Disability Insurance Agency

1. Executive Summary

1.1 A better way to plan

We want participants to have more choice and control over their lives, with NDIS plans and budgets that meet their needs and help them pursue their goals. This includes making sure participants have the flexibility to use their funding in a way that best suits them.

We know our current approach to building NDIS plans can be better. That's why we're working on addressing three main issues that exist today:

1. **Participant Experience** – we want to lower the effort, cost and anxiety currently being reported by participants, their families and carers.
2. **Fairness and Consistency** – we want to make the NDIS fair for all participants and our decisions more consistent.
3. **Flexibility** – we want participants to have more control over the supports and services they purchase.

To make these improvements, we're proposing to change how we build budgets. We'll start by transforming the planning conversation and supporting participants with a flexible plan, based on a **Personalised Budget**.

Instead of creating a plan that has funding based on individual items and supports, the proposed change will see participants receive one, overall budget they can use flexibly. This was the original intent of the NDIS – for people with disability to be in control of the services and supports they purchase.

For most participants, the funding they receive will be based on their independent assessment, along with any funding for high-cost or complex supports if they're needed – things like high-cost home modifications or Specialist Disability Accommodation.

Independent assessments will use internationally recognised assessment tools to record information about the participant's personal circumstances and support needs, along with set measures of functional capacity. This information will be used to build a draft Personalised Budget. This budget is designed to give participants the reasonable and necessary funding to support their everyday needs as well as to pursue their personal goals.

The proposed Personalised Budget approach will rely on consistently captured information about a participant to inform the fair and equitable allocation of budget for the planner or delegate to consider. A planner or delegate will prepare the draft NDIS plan budget before it is shared with a participant and will also be able to make changes to the budget if required.

In the future, planning meetings will focus on the best way for participants to use their plan. Participants will know the value of their likely budget ahead of this meeting so they can start to plan how they can best use these funds alongside any mainstream, community and informal supports available.

The second independent assessment pilot is still being finalised and evaluated. This paper is in response to how we plan on using the results from independent assessment to draft budgets (along with other data sources). We are committed to fully evaluating the pilot. Any evaluation on the independent assessments pilot will have flow on effects to the Personalised Budget model and planning process.

1.2 Personalised Budgets

Currently, budgets are built support item by support item. We then check the overall budget using the Typical Support Package (TSP) to make sure it is similar to budgets approved for other participants with similar circumstances. Currently the TSP uses a limited amount of information about a participant to recommend a level of funding. We use this approach to build participants budgets because it makes sure that we are following the rules set out in the NDIS Act. Changes to how we build budgets will need the NDIS Act to be changed.

We're proposing to replace this approach with Personalised Budgets which will be based on the results of a participant's independent assessment. The change would mean the budget included in a participant's plan will be much more flexible, based on the participant's needs and preferences. Personalised Budgets will ensure there is a stronger link between a participant's NDIS funding and their functional capacity in different areas of their life.

This proposed approach means data will be collected independently of the planning process using [internationally recognised assessment tools](#).

The tools that have been selected for independent assessments will improve our existing practices and provide a more holistic and consistent view of a participant's functional capacity, support needs and environment. It will also support more consistent and accurate budget decisions by relying on independent sources of information and data.

A participant's Personalised Budget will be estimated using two sources of information:

1. Functional capacity assessment

Our current assessment data tells us there is a relationship between a participant's functional capacity and their budgets. Generally, participants with a low functional capacity and higher support needs tend to require more funding than those with high functional capacity and lower support need.

2. Environmental and personal factors

Environmental and personal factors such as living arrangements, complex behaviours, employment status, and support from family and friends will be taken into account where they impact a participant's funding needs.

Using these two sources, an estimated budget will then be drafted, and will include:

1. **A draft flexible budget:** This is an amount of funding that the participant can spend flexibly on any type of support they choose, within the guidelines of what is covered by the NDIS.
2. **A draft fixed budget:** This is an amount of funding for a specific purpose, such as Specialist Disability Accommodation and cannot be spent on any other type of support.

Personalised Budgets won't estimate the budget for some support types or groups of participants. Some support items will need a quote or further investigation as part of the planning meeting and will be considered within the fixed budget. In their planning meeting, participants will have the chance to raise any additional support needs. Planners can also consider other fixed supports not previously raised in conversation with the participant or identified in the participant's independent assessment.

1.3 Developing the Personalised Budget model

We're using two sources of information to develop the Personalised Budget model:

1. **Participant profiles**, which have been created using participant data to represent the many different groups of participants in the NDIS. These have been developed by allied health professionals and expert planners within the NDIA, with 400 profiles developed to date.
2. **Independent assessment data** that is being collected from a sample of over 4,000 participants who have agreed to take part in the [second independent assessment pilot](#).

Data from the pilot and the developed profiles will be analysed, along with information from across all participants, to produce the budget model for Personalised Budgets.

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

The proposed model for Personalised Budgets will be subject to several review and validation processes. These will ensure the model has been tested and challenged by both internal and external stakeholders prior to being introduced.

This will include:

- Independent and external sector review with members of the Independent Advisory Council, and other members of the disability sector where appropriate, to test accuracy and suitability. This will ensure Personalised Budgets provide participants with the reasonable and necessary funding they need.
- Review by experienced NDIA staff, who have specific and thorough knowledge of disability types and needs such as psychosocial disability, autism and intellectual disability. They will test the accuracy of the Personalised Budgets model in drafting a reasonable and necessary support package. They'll also test the Personalised Budget model using the information of real-life participants from the second independent assessment pilot. The sample will be diverse, representing different disability types and age groups.
- External actuarial peer review of the technical actuarial modelling used to develop the model, to ensure technical accuracy.

1.4 Implementation

Changes to the NDIS Act are required to support both the introduction of the proposed Personalised Budgets and use of independent assessments in the planning process. If, and when, enabling legislation is passed, and independent assessments are introduced to the planning process, we will move participants from their current plan approach to a new Personalised Budget over time.

While we expect Personalised Budgets to result in fairer, more consistent plans, we acknowledge it will be a significant change for participants. We're committed to fully explaining any differences between Personalised Budgets and the funds a participant expects or has previously received. We will also support participants to move to the new way of building and using their plans, making sure they have implementation support they need to make the most of their new plans.

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

2. History and context

2.1 Insurance principles

The NDIS is based on the guiding principles that people with a disability have the same rights as all other members of Australian society to realise their potential for physical, social, emotional and intellectual development and should be supported to participate in and contribute to social and economic life to the full extent of their ability.

The NDIS is also founded on strong insurance principles, where evidence-based decisions on access and funding are made by drawing on the data that is collected on all participants.

The NDIS takes a lifetime, person-centric approach to funding supports for people with disability, where early investment in disability related supports are expected to drive better outcomes for participants, their family and carers over their lifetime.

2.1.1 NDIS Insurance Principles

The purpose of the NDIS is to provide **reasonable and necessary** funding to people with a **permanent and significant disability** so that they have **choice and control** over the supports and services they need to pursue life opportunities.

Insurance principles are fundamental in delivering on this purpose:

- **Evidence-based decision making**
- **Consistency in decision making**
- **Regular monitoring of experience to manage emerging risks**
- **Lifetime and person-centric approach**
- **Early investment to drive lifetime participant outcomes**

These principles support and allow the insurance control cycle approach to governance. Under this approach, there is a continuous feedback loop as experience emerges to refine projections of participant profile and costs, and improve NDIA processes to lead to better outcomes.

By contrast, where these principles are not operating as intended, this feedback loop becomes less effective. For example, if decisions are not made in a consistent, evidence-based way, it becomes more difficult to review processes in response to emerging trends, and poor outcomes and unnecessary costs may emerge.

2.2 The role of budget models

The NDIS Act sets out to provide “reasonable and necessary supports, including early intervention supports, to NDIS participants”. Under the Act, we must fund reasonable and necessary supports to participants who meet the eligibility criteria –the funding is not capped in a traditional sense like a grant program, but instead is limited by the principle of reasonable and necessary.

Budget models provide an estimate of the funding required to meet a participant’s reasonable and necessary support needs. These models work by grouping participants together with similar support needs (called “reference groups” or “profiles”).

Budget models link policy and analysis of the NDIS as a whole with individual reasonable and necessary decisions made by planners. Without this process in place, decisions would be subjective and result in significantly different plans for people with similar circumstances, and the total cost of the NDIS could exceed expectations through high plan inflation.

While a budget model gives an indication of reasonable and necessary support needs, it still allows for those participants who have specialist funding needs (e.g. for complex supports such as assistive technology or other complex support needs).

3. Current Challenges

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

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

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

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

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

These challenges mean some participants are frustrated because they can't get what they need.

Personalised Budgets are a key part of our proposed reforms to address the current challenges and deliver a better NDIS – making it fairer, simpler and more flexible for participants.

Giving participants a consistent and fair allocation of resources through an assessment process has always been a key part of the Scheme design.

In the 2011 Productivity Commission report, section 5.2 (pages 226-237) notes the balance required between a person centred approach, sustainability and consistency:

A person-centred or individualised approach to planning is central to the NDIS. The scheme is about matching participants with the supports that are right for them; however, this needs to be done in the context of the sustainability of the scheme and achieving a consistent approach to funding packages.

Section 7.1 (pages 306-307) discusses the considerations for any assessment process:

One of the primary functions of the NDIS will be to provide individualised, funded supports. A robust process for determining who gets what will be critical for both scheme users and administrators. The assessment process must provide a reasonably close estimate of a person's support needs and the resource allocation to achieve them. It should avoid being too generous or too tough. The process must be fair, rigorous and safeguard against exaggerated claims of support needs.

While section 7.2 (pages 307-311) expands on determining an individual's budget:

The assessment process will need to identify a budget associated with meeting the assessed needs of individuals (after taking account of any reasonable natural supports). Crucially, there would be an obligation for the system to deliver the funding determined by the independent assessment. This feature is an essential element of avoiding the chronic underfunding that has beset past allocation systems.

The proposed introduction of Personalised Budgets and improvements to planning mean we can provide genuine choice and control for Australians with disability and taking a lifetime approach to support.

We aim to ensure all participants keep getting the supports they need, and that the NDIS will be there for all Australians if they need it. Personalised Budgets will help us get budgets right for everyone.

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

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

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

3.1 Participant Experience

Currently, **NDIS participants are required to source their own reports about their functional capacity at their own cost.** These reports are used in planning meetings to discuss the supports a participant may require. An NDIS planner uses this information to then determine the participant's support needs and funding to be allocated to specific support categories and line items.

The 2019 NDIS Act Review (known as the Tune Review) outlined this issue:

"During consultations, concerns were raised about the financial capacity of people with disability to pay for the cost of producing information or undergoing assessments and examinations so the NDIA could make access and planning decisions." (page 68)

“Many submissions stated that this cost is beyond the financial capacity of individuals and/or their families and, as a result, there is a significant number of people with disability who would otherwise be eligible but are being priced out of the NDIS.”
(page 68)

Australians with disability are currently spending somewhere between \$130 million and \$170 million on assessments associated with access and planning for the NDIS. The NDIS should be available for everyone, no matter what their financial situation is.

The proposed independent assessments aim to significantly reduce the cost to participants in providing reports, assessments and evidence. Instead of gathering, and paying for, this evidence themselves, all new and existing participants will have their assessments paid for by the NDIA. This gives them the same access to internationally recognised, evidence-based and consistent assessments that provide an up-to-date and complete assessment of their functional capacity, support needs and environment.

Treating health professionals will still be involved in access process. They will continue to be responsible for diagnosis and providing important information relating to disability as part of the NDIS eligibility requirements. There may be some other instances where participants will need to provide medical information, such as a diagnosis or quotes and information relating to high cost items. However in most cases, a participant's out of pockets costs from their assessment will be significantly reduced.

We've also heard from participants that planning meetings can sometimes feel like a negotiation. They have said they often feel like they need to fight for individual items, services and supports to be funded in their plans and justify each item for every new plan. The NDIS was never meant to be about public servants making thousands of decisions about the life and supports of participants.

Personalised Budgets will mean participants get a draft plan before their planning meeting. Their planning meeting will be a discussion about how to use their plan to meet their needs, and any identified exceptions, rather than negotiating line by line for every support.

Participants will get to determine how they want to set up their support, which services they want to purchase and when they want to use their funding – this will include things like how much support worker time they need, what therapy or group classes they want to attend, or which days they want support to go out in their community. This will involve making choices based on individual priorities and goals. NDIS funding is not unlimited or open-ended, and can't be – but participants should be the ones making the decisions that impact their lives each day, with support if needed, not the NDIA.

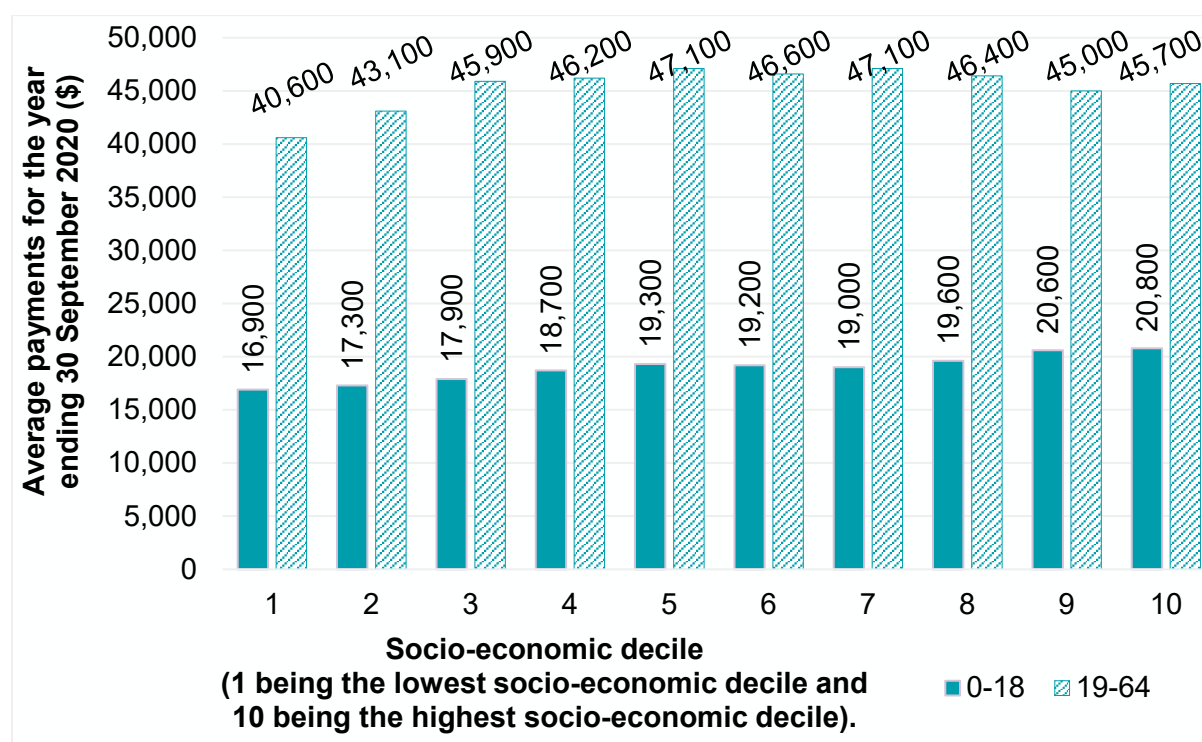
Participant plans are also expected to be longer in duration with the proposed personalised budget model. We have implemented the ability to have a plan of up to 3 years for participants with support needs that are unlikely to change. Under independent assessments, we expect more participants to have longer term plans of up to 5 years, meaning participants can have certainty over funding and independence to live their lives. Within that 5 year period, plan variations and adjustments can be made without another independent assessment, and without needing a whole new plan to be created as is the case today.

3.2 Fairness and Consistency

We know at the moment participants with similar functional capacity are getting different plans and budgets.

Our data tells us that payments differ by socio-economic areas for both children and adults, with participants living in higher socio-economic areas receiving higher payments on average. Payments are 23% higher in the highest socio-economic decile for children, compared with the lowest, and 13% higher for adults.

3.2.1 Average annualised payments by the ABS Index of Education and Occupation (IEO) deciles, for non-SIL participants – 30 September 2020¹



Socio-economic decile	Average annualised payments 0-18 years old	Average annualised payments 19-64 years old
1	\$16,900	\$40,600
2	\$17,300	\$43,100
3	\$17,900	\$45,900
4	\$18,700	\$46,200

¹ Source: NDIS Quarterly Report September 2020

Socio-economic decile	Average annualised payments 0-18 years old	Average annualised payments 19-64 years old
5	\$19,300	\$47,100
6	\$19,200	\$46,600
7	\$19,000	\$47,100
8	\$19,600	\$46,400
9	\$20,600	\$45,000
10	\$20,800	\$45,700

Our current approach to planning makes it difficult for us to ensure decisions about NDIS funding is consistent. Participants meet with a Local Area Coordinator (LAC), or sometimes a planner, to discuss their needs and submit their reports and evidence. The LACs and planners have huge discretion over what is funded in a participant's NDIS plan. The process can be subjective and has led to plans that do not meet participant's needs or expectations.

The Tune Review also outlined this as an issue:

“Consultation feedback suggests the NDIA is not making consistent decisions during planning. Some participants with similar disability support needs reported they received very different types and values of supports in their plans, where the differences did not appear to be linked to their goals and aspirations or their informal supports. This was particularly evident in cases of young siblings with the same disability and similar levels of functional capacity.” (page 64)

We're also concerned the way we record a participant's level of function relies on the quality of information provided to the NDIA. When looking at the data with the recorded level of function, evidence shows us a worrying trend with a universal decline in recorded “high functioning” and an increase in recorded “medium” and “low” functioning of participants who have been in the NDIS for 4 years. These trends are not what we would expect over a 4 year period when a key principle of the NDIS is to invest in supports early to build individual capability and reduce need for support over time.

We currently use the Typical Support Package (known as the TSP) as the NDIS budget model. The TSP assisted us to make planning decisions quickly during the national roll-out of the NDIS.

Over time, a number of limitations of the TSP approach have become evident:

- The data underpinning the TSP, including both functional assessments that informed the reference package and the guided planning questions, were in many cases collected by frontline staff, with identified inconsistencies within these data.
- The average level of functional capacity determined via these assessment results has worsened over time, leading to increased TSPs.

- The number of participants who were recorded as having “no informal supports” available at home rose rapidly over time once the TSP was introduced, also leading to increased TSPs.
- Concerns about these data quality issues limited the ability of the NDIA to improve the TSP model over time.

Independent assessments will see a more consistent and objective process when assessing and recording a participant’s function, as well as less subjectivity. In turn, this will help NDIS participants get the right budget, because their funding will be based on the accurate and consistent information gathered during the assessment process.

Personalised Budgets will also help us to better manage the total cost of the NDIS. They will allow participants to get a fair amount of funding, while making sure the NDIS is affordable for the future.

3.3 Flexibility

At the moment, plan budgets have limited flexibility, making it difficult for participants to choose the services, items and supports they want to purchase. Participants are the experts in the supports they need and should have as much control as possible over their NDIS funding.

Currently, the NDIS uses more structured plans and rules around how participants can use their funding. We want to change this by making budgets more flexible, allowing participants to choose the services and supports that will support them best to pursue their goals.

The proposed Personalised Budgets will ensure spending is allocated within the overall NDIS budget, meaning fewer rules for participants on how they can use their NDIS funds. Participants will be given greater choice and control over a more flexible budget. Their budget will no longer be a sum of negotiated individual supports, but an overall flexible package that they can choose to spend in a way that best suits them.

Once we have improved the way we build budgets, plans can be much more flexible, without an increase in rules or price controls that could impact on participant choice and control. We will have fewer rules but more consistent overall total budgets to support participants to pursue their goals.

4. Personalised Budgets Design

4.1 Personalised Budget model

The proposed Personalised Budget model will estimate the funding a participant requires based on two pieces of information collected in the participant's independent assessment:

1. The result of the participant's functional capacity assessment (see section 4.2).
2. The participant's responses to questions on their environment, support needs and personal circumstances (see section 4.3).

Assessment tools will be used to understand a participant's functional capacity. The tools a participant completes with their assessor will depend on their age.

To draft a Personalised Budget, we will match the participant with a reasonable and necessary funding amount for participants with similar functional capacity and life circumstances.

We have built 400 profiles, each representing different groups of participants with different functional capacity, each of which has a budget associated with it. We take a participant's assessment results and match them with one or more of these profiles, recognising that each participant is an individual and may not match perfectly to one individual profile. This becomes the start of their draft Personalised Budget.

We then take this draft budget, and using the information we have about the participant's personal and environmental situation (which is also collected through an independent assessment), and adjust the total funding amount to make sure it will meet the participant's individual needs. This will include increasing or decreasing funding based on things like:

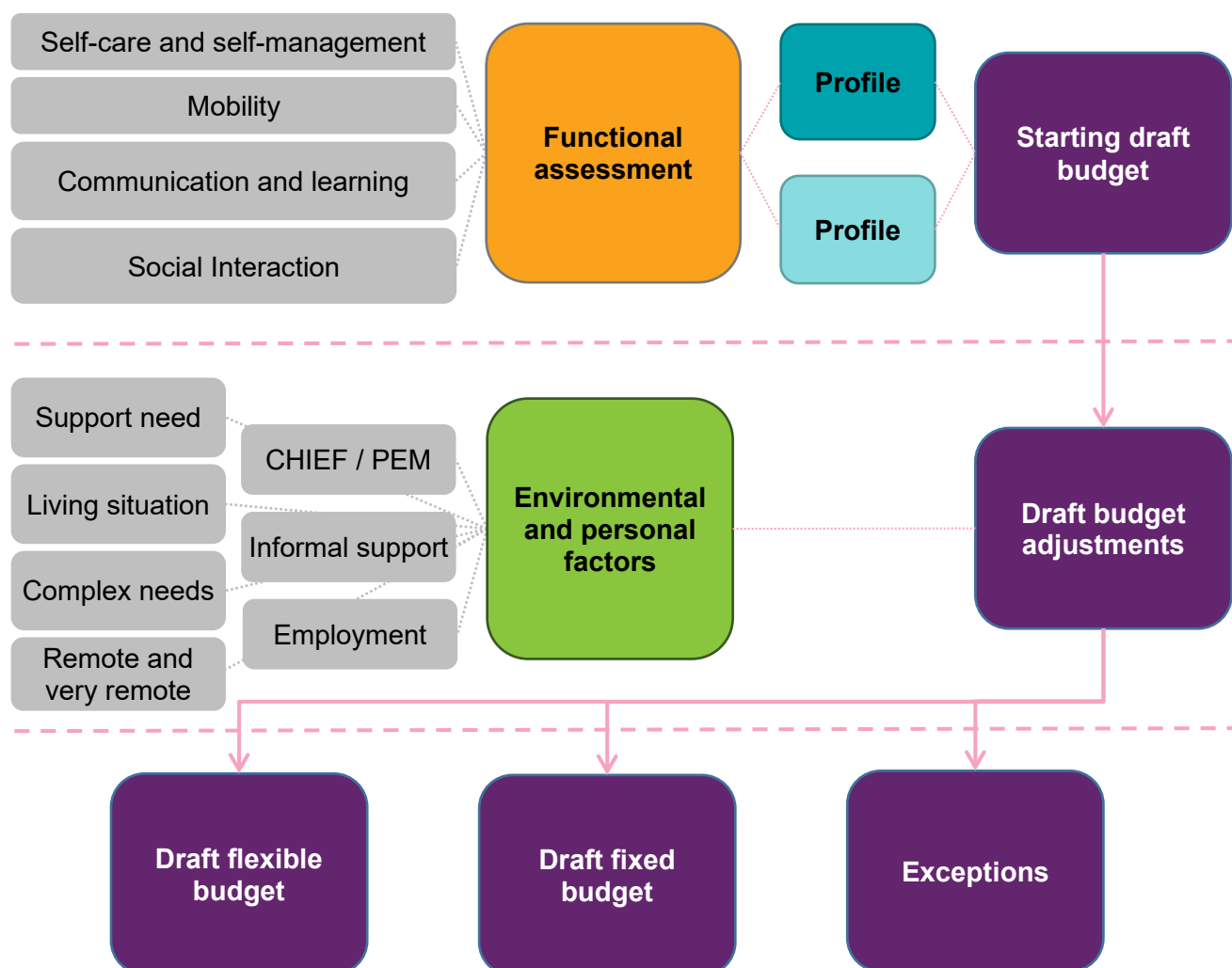
- where the participant lives – participants in remote areas may need more funding for transport or because the cost of services is higher where they live
- how old the participant is – participants leaving school might need more support to help them prepare for work
- the informal supports the participant has access to – participants who live with family members might not need as much help to maintain their home.

A participant's draft Personalised Budget will include:

1. A draft flexible budget – this is an amount that can be spent as a participant chooses.
2. A draft fixed budget (if needed) – this is an amount or amounts of funding for specific purpose(s) that cannot be spent on anything else.
3. Exceptions that can be identified from the independent assessment data, and should be considered by the planner.

The participant will receive a copy of their draft Personalised Budget before their planning meeting. At this meeting, the planner will also work with the participant to add in any fixed budget for supports that are not included in their draft (for things like complex assistive technology or home modifications).

4.1.1 Model structure for Personalised Budgets



4.2 Functional capacity assessments

We're proposing to use a participant's functional capacity assessment results as the starting point for drafting their Personalised Budget.

Independent assessments will use a range of tools to determine a participant's functional capacity. Functional capacity describes a participant's ability to carry out tasks as well as be involved in different areas of life like home, school, work and the community. It also considers other factors in a person's environment that may impact their day to day life.

How a person's disability or disabilities impacts their ability to carry out everyday tasks is a key factor in determining what reasonable and necessary funding they should receive. Scheme analysis shows functional capacity correlates well with funding. That is, participants with lower functional capacity tend to need more funding than those with higher functional capacity.

To carry out the independent assessments, we found no single assessment tool which would cover both the World Health Organization International Classification of Functioning, Disability and Health (WHO ICF) framework and the NDIS Act, while meeting the needs and situations of all NDIS participants.

Through research and testing, we instead have identified six assessment tools for adults and children aged seven years and older to gather reliable information on a person's functional capacity across all areas of their life. We've called this the assessment toolkit.

Our assessment toolkit approach is aligned to the intent of the Productivity Commission 2011 paper which stated:

"A robust process for determining who gets what will be critical for both scheme users and administrators. The assessment process must provide a reasonably close estimate of a person's support needs and the resource allocation to achieve them."
(page 306)

The functional assessments in the Independent Assessment Toolkit have been selected to cover the six domains in the NDIS Act. The tools align with the WHO ICF. You can read more about the [Toolkit](#) on the NDIS website.

4.3 Environmental and personal factors

Environmental and personal factors will be the second key input to the proposed Personalised Budget model. Independent assessments will include assessment tools, questions and conversations with each participant and their nominees and carers (if appropriate) to determine the level of support a participant needs and the support their informal carers might need as well.

A participant's individual circumstances will also be captured in the assessment conversation to identify what life stage they're at and what changes they might want to prepare for, such as moving out of home. This ensures the Personalised Budget developed includes enough funding for the daily personal supports needed, as well as capacity building supports and services to help participants pursue their goals.

The table below sets out how environmental and personal factors will be considered, along with examples of how these may affect the required level of support.

Factor	Description	Example
Informal supports	Level of care available at home from friends and family and the support that may be required to ensure these informal supports are sustainable	<p>A participant with self-care needs who lives alone will require more support than a participant who receives support from parents or a partner.</p> <p>A participant who receives daily personal care from a spouse may require funding for services to ensure their partner can continue to provide support in the long term.</p>
Extreme complex needs	Internalising or externalising behaviours identified in the independent assessments	A participant with complex behaviours may require a behavioural support plan and different models of support.
Specific support need	Support needs that have a significant impact on the level of funding required	A participant may require additional hours of support to assist with a specific support need, e.g. PEG feeding.
Remoteness	Residence in a metro, regional remote or very remote area	A participant living in a remote or very remote area will require additional funding to cover the higher cost of support, noting that this is currently recognised in NDIS pricing.
Living situation	Current housing arrangements	A participant who resides in supported accommodation may have different funding needs to a participant living in the community. Aspirations to live more independently will also be captured to make sure capacity building funding reflects this.
Employment status	Whether participant is in mainstream employment, supported employment or is looking for work	A participant in mainstream employment may require some one-on-one support while away from home. A participant in supported employment may be able to share support with others. A participant looking to enter the workforce may require additional funding for capacity building over a set period of time.
CHIEF/PEM environmental assessment tools	The independent assessments include formal environmental assessments that explore the impact of context on functional capacity	A participant may have more difficulty with some activities in an unfamiliar environment than they would at home, impacting their support needs.
Other	A number of other factors are also being considered, for example whether a participant is transitioning to school	Further analysis and testing will indicate the final set of factors that provide the best indication of a participant's reasonable and necessary budget.

4.4 Draft budget

The proposed Personalised Budgets will use the functional, environmental and personal information gathered through the independent assessments to generate a draft budget. This budget will include both flexible and fixed funding.

The flexible budget will contain funds that a participant can spend as they choose to meet their support needs – giving them significantly greater choice and control over the supports and services they receive.

A participant's fixed budget will include funds for supports that have been specifically identified. These funds are dedicated to a particular purpose and can't be used for anything else. The reason for including funds in the fixed budget must align to the NDIS Act, Rules and Guidelines and be clearly explained to the participant. This is described in more detail in [Planning Policy for Personalised Budgets and Plan Flexibility](#).

Where possible, Personalised Budgets will identify fixed supports upfront. However, it may not be possible to identify and quantify all types of fixed supports that a participant requires. This is why planners will still have the ability to adjust Personal Budgets, noting that clear reasons must be provided.

It is possible for participants to have more than one fixed item funded in their budget.

It's proposed that Personalised Budgets will include funding for all supports with limited exceptions. This includes:

- Support for daily activities (such as self-care and mobility)
- Support for community participation
- Consumables
- Transport
- Capacity building support (including therapy supports, employment support, and support to gain independence)

Wherever possible, support will be included in the flexible component of the Personalised Budget to give participants as much flexibility as possible. However, there will be instances when supports will need to be fixed (for example, Specialist Disability Accommodation).

The proposed model will see the draft flexible and fixed budgets provided to the NDIS planner for their consideration and review. It will also be provided to participants before their planning meeting.

4.5 Exceptions

Exceptions are types of support or groups of participants, for which a draft budget cannot be reliably determined by the Personalised Budget model. In this instance, reasonable and necessary funding will be determined by the planner.

In some cases it may be possible to determine an exception is likely to apply, but not to quantify it. For example, a participant's independent assessment results may suggest that the participant is likely to require high cost assistive technology, but the dollar value of this cannot be reliably estimated. In these cases, the planner will be notified that an exception may apply and they'll work with the participant to determine and include the appropriate amount of funding in the participant's fixed budget. This funding may be informed by quotes or other information provided by the participant.

4.5.1 Exceptions to Personalised Budgets identified to date

Type of exception	Description
High cost assistive technology, home and vehicle modifications	These supports are made to fit and generally need an assessment to ensure the best piece of technology or modification is recommended. This will be added as an item in the fixed budget if needed.
Student transport	Support to get children with disabilities to school (which is currently provided by state and territory governments).
Personal care in schools	Personal care support with schools (which is currently provided by state and territory governments).
Complex life transitions	Life transitions that are complex and/or difficult to predict, such as a sudden deterioration in health, change in informal supports, and/or a change in caring responsibilities. A planner will work with these participants to ensure their plan meets their needs through this period.
Participants currently residing in Residential Aged Care	Not determined by the Personalised Budget model due to complex cross billing arrangements with the Department of Health. These plans will be built by experienced NDIA Planners.
Intersection with compensation schemes	Some participants receive supports through both accident compensation schemes and the NDIS. In this case, their budget is adjusted to prevent duplication of supports, as covered by section 35 of the NDIS Act and NDIS Rules.
Extreme complex needs	If a participant has extreme complex needs, their budget will require close review by an experienced planner.

4.6 Goals

Participant goals are important. Supports funded by the NDIS need to help participants increase their independence and overcome any disability-specific barriers so they can pursue their goals.

The participant's Personalised Budget will include reasonable and necessary funding for both their daily support needs and capacity building. It will be up to individual participants, with support as needed, to manage and prioritise spending for essential supports, and the services and supports they would like to help them build their capacity and pursue their goals.

Goals are determined solely by a participant, without the need for agreement or input from the NDIA. There are times when a participant can choose to be supported by the NDIA to develop their goals. A participant can have as many goals as they wish and change them as often as they like.

This doesn't mean the NDIS funds all support costs associated with a participant pursuing their goals. The budget will however reflect the likely costs associated with milestones at different ages or stages of their life, such as finishing school, gaining employment or moving out of home.

This reflects the Tune Review which noted that:

"...a participant's goals and aspirations are not intended to have a significant bearing on the level of funding provided in their NDIS plan. Rather, when comparing two participants with the same or very similar, functional capacity, of the same age and living in the same region, the NDIS is not designed to provide more funding for one participant over the other on the basis that their goals and aspirations are more expensive." (page 64)

Participants may have goals and aspirations the NDIS can't fund supports for. This is because helping participants pursue their goals is only one of the NDIS funding criteria, so not all supports relating to pursuing goals will be reasonable and necessary.

4.6.1 How goals will be used within planning process

When we create an NDIS plan, the participant sets their goals and tells us what information about their life they would like included in their plan. A participant's goals are their own personal desires about what they'd like to do.

When it comes to a participant setting their goals, it's important to note:

- Setting more and bigger goals doesn't mean more funding will be included in a participant's budget
- Setting a goal doesn't mean the NDIS has an obligation to fund supports that help pursue that goal
- Setting a goal about a specific type or amount of support doesn't mean the NDIS has an obligation to fund that support or that amount.

The proposed Personalised Budget model won't change this. Planners and LACs will work with participants to explain how they can use their flexible and fixed budget to pursue their goals. We will look at the disability specific barriers impacting a participant and discuss how they can use their flexible and fixed budget to address their disability support needs to pursue their goals.

5. Personalised Budgets Methodology

5.1 How we're building the proposed Personalised Budget model

We're currently designing the new budget model for producing for Personalised Budgets, using two main sources of information:

1. Budget estimates for profiles completed by NDIA experts with an allied health background and/or significant planning experience. These involve creating a profile with a given set of characteristics, drawn from real-life participant information, to determine a reasonable and necessary budget.
2. Independent assessment data currently being collected from 4,000 participants through the second independent assessment pilot.

Profiles, which are based on typical participants, are the first key source as they provide an authoritative source of information on how expert staff in the Agency make reasonable and necessary decisions. This gives us a view of appropriate funding that is independent of current practices.

The second key source is data from the second independent assessment pilot. The sample of participants invited to take part in the pilot has been selected to provide representative coverage of different age groups, disability types and levels of function.

Through the pilot, independent assessment results will be compared with participants' existing budget and payments. Adjustments will be made to budgets and payments data in order to account for known biases, including:

- Budget information will be adjusted (upwards and downwards) for differences in funding for participants in different socio-economic areas (as noted earlier, evidence shows that participants living in higher socio-economic areas receive higher budgets than those in lower socio-economic areas)
- Payments information will be adjusted (upwards and downwards) for known sources of underutilisation (for example participants on their first plan have lower utilisation, as well as those in remote areas).

Statistical models will be fit to the data to identify and quantify factors that are predictive of participant budgets. Separate models are being developed for each of the following age groups due to their specific support needs.

- Ages 0-6
- Ages 7-17
- Ages 18+ - participants not receiving Supported Independent Living (SIL) supports
- Ages 18+ - participants receiving SIL

5.2 Profiles

Profiles provide a rich source of data on the relationship between the outcomes of functional assessment and participant budgets. Expert NDIA planners with an Allied Health background have developed 400 profiles which are examples of participants with a particular disability, age, and set of functional capacity scores. We have included 6 profiles for different demographics and participant cohorts in an appendix to this paper.

The profiles are primarily used to determine the impact of varying levels of functional capacity. Profiles generally assume people have typical environmental and personal factors, such as typical levels of informal support available, this helps us to understand the separate effect of varying levels of functional capacity.

To test the profiles, these planners were asked to estimate a budget for each profile across a range of support categories, including funding for appropriate core and capacity building supports and services. An explanation of each funding decision was provided by the planners, including detailed notes on the assumptions they made in order to estimate a budget. All profiles were reviewed by at least twice, with a third review undertaken in cases where the initial estimates led to a significant difference in the drafted budget.

Analysis of the data from the profile testing is currently underway. This will help us develop reference groups, or groups of participants who are likely to need a similar amount of funding based on their functional assessment results. An estimated budget will be determined for each reference group using the profiles completed.

5.3 Second independent assessment pilot

The second independent assessment pilot will give us a representative sample of independent assessment data for a wide range of participants. This information will be used to:

- Compare the profiles and budgets developed by experts against the actual budgets and payments of the participants who have taken part in the pilot, with any differences analysed.
- Undertake statistical modelling to understand the relationship between independent assessment results (i.e. the functional capacity assessments, participant budgets and payments of participants in the pilot).

The data will be used to identify support types and participants that are not yet well captured by the Personalised Budgets model and will also help us further analyse the fairness of the model across different participant demographics, such as Aboriginal and Torres Strait Islander participants, Culturally and Linguistically Diverse participants, and different age groups.

While we are looking at individual participant's assessment results, their NDIS budgets and payments through this pilot, it is important to note that no changes to plans or budgets are being made as a result of these assessments.

6. Implementation

6.1 Legislation

Changes to the NDIS Act are required to support both the introduction of Personalised Budgets and use of independent assessments in the planning process. The Minister for the NDIS, Senator the Hon Linda Reynolds, confirmed in April 2021 that she would take time to consult further with state and territory disability ministers and with the disability sector on proposed reforms to the NDIS before proceeding with legislative change.

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

- Independent Advisory Council led consultation to discuss and agree on potential adjustments to Scheme reforms
- Further engagement with State and Territory governments and advisory councils
- Sharing more information with the sector, providers and the disability community responding to concerns raised in consultation submissions
- Engagement with NDIA-led governance forums such as the sector CEO Forum, Participant Reference Group, Autism Advisory Group, Industry Reference Group and Mental Health Sector Reference Group.

The Minister will hold further discussions at the next Disability Reform Minister's Meeting, expected to be held in July 2021. The Minister, Department of Social Services, and NDIA will release further information about the next steps for the reforms after the Disability Reform Minister's Meeting.

6.2 Planning policy

If and when enabling legislation is passed, and independent assessments are introduced to the planning process, we will gradually move participants from their current plan approach to a new Personalised Budget.

Implementation of this approach will be in line with the proposed [planning policy we consulted on in late 2020](#), as revised through the consultation and legislative processes. The feedback we received through this consultation process will inform how Personalised Budgets are delivered and the support, resources and information provided to participants, planners and LACs.

In addition to the consultation on the derivation of personalised budgets, other areas of focus include:

- Plan implementation – support and guidance for participants, their families and carers on how to use their flexible funding to meet their needs and pursue their goals
- Release of funding to participants – how frequently funding is released to participants noting spending is not even throughout a plan

- Supporting innovation in the NDIS market – encouraging models of support to best meet needs and goals within flexible budgets
- Checking in with participants – when and how we will check with participants as they implement their plan.

6.3 Ongoing oversight

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

Elements of the ongoing oversight will include frequent:

- Participant and staff feedback on where Personalised Budgets can be improved.
- Technical reviews using the data available to ensure the Personalised Budget approach continues to evolve to meet all the objectives of the NDIS for participants and the community. This work of the Agency will be reviewed by the Peer Review Actuary, as required under the NDIS Act.
- Ongoing advice and input from the Independent Advisory Council.

One of the matters being considered is the potential establishment of some form of technical oversight committee of the Board, including relevant external expertise and sector representatives, to provide further governance over the ongoing development and operation of the Personalised Budget approach.

7. Conclusion

Personalised Budgets are a key part of the major reforms to help us deliver a better NDIS – making it fairer, simpler and more flexible for participants. Personalised Budgets, and the proposed improvements to planning, mean the NDIS will be delivered as it was always intended, providing genuine choice and control for Australians with disability and a lifetime approach to support.

Under these changes, planning and funding decisions will be more accurate and consistent, based on an improved suite of information we gather about participants through independent assessments. Participants will also no longer be subject to NDIA delegates deciding on the inclusion of specific supports in their plan.

Participants will receive a personalised budget that, rather than being the sum of negotiated individual supports is instead an overall flexible package which they can choose to spend in a way that meets their needs. Their budget will be set with clearer guidelines of what is funded by the NDIS and what NDIS funds should not be used for.

Importantly, participants will see a draft budget before their planning meeting. This meeting will be a discussion around how to use their plan to suit their needs and pursue their goals, as well as any exceptions that have been identified.

Personalised Budgets will allow us to give all participants the same opportunity to receive the funding they need while making sure the NDIS is here to support those who need it now, and into the future.

People with disability always have, and always will be, central to the design of the NDIS.

We will continue to work with participants and their families and the disability community to better understand how the planned reforms will work in practice. We have gathered a wide range of views so far. All of this feedback will help us shape the reforms we're proposing so any changes we make are introduced in the right way.

The results of the independent assessment pilot and public consultations will also be closely considered before any reform legislation is taken forward or changes to our planning processes made.

Acronyms

Below is a list of acronyms used throughout the document for easy reference.

Acronym	Term	Meaning
CANS	Care and Needs Scale	CANS is used to measure the level of support needs for people aged 16 and older.
CHIEF	Craig Hospital Inventory of Environmental Factors	CHIEF tool which is used to assess if someone's environment (physical, social and political) helps or is a barrier to increase participation.
LAC	Local Area Coordinator	LACs help participants manage their plans and also connect participants to mainstream services and local and community-based supports.
NDIA	National Disability Insurance Agency	The NDIA is the government organisation which delivers the NDIS.
NDIS	National Disability Insurance Scheme	The NDIS funds supports for Australians with disability.
PEG	Percutaneous endoscopic gastrostomy	PEG is a flexible feeding tube through the abdominal wall and into the stomach to allow nutrition, fluids and/or medications to be put directly into the stomach.
PEM	Participation and Environment Measure	PEM is tool which measures children's participation in the home, school and community.
TSP	Typical Support Package	TSP is a budget based on participant characteristics (e.g. age, disability, function).

Example Profiles

Example profile 1

Name: Tilly
Age: 17

Disability: Intellectual disability

Tilly has moderate needs for communication and learning, mild needs for self-care and mobility and has no required supports or observable impacts across other domains.

Self-Care and Self-Management: Mild

This could manifest as mild required supports of observable impacts in:

- Food preparation
- Eating
- Toileting and bathing

Mobility: Mild

This could manifest as mild required supports of observable impacts in:

- Walking and moving
- Using transportation
- Holding body position
- Carrying and holding objects

Communication and Learning: Moderate

This could manifest as moderate required supports of observable impacts in:

- Using receptive language
- Using expressive language
- Attention and memory
- Problem solving

Social Interaction: No required support

This could manifest as nil required supports of observable impacts in:

- Planning and self-organisation
- Managing familiar situations and people
- Managing unfamiliar situations and people
- Domestic work

Living Situation/Supports: Living with parents in family home

Assistive Technology (AT): Reasonable AT in place for a person with this disability and functional capacity

Independent assessment results by domain

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

Example profile 2

Name: Rhonda

Age: 12

Disability: Intellectual disability

Self-Care and Self-Management: No required support

Nil reduction in functional capacity for Self-Care and Self-Management. Examples of activities included in this domain are:

- Food preparation
- Eating
- Toileting and bathing
- Domestic work
- Planning and self-organisation

Mobility: No required support

Nil reduction in functional capacity for mobility. Examples of activities included in this domain are:

- Walking and moving
- Using transportation
- Holding body position
- Carrying and holding objects

Communication and Learning: Moderate

Moderate reduction in functional capacity for communication and learning. Examples of activities included in this domain are:

- Using receptive language
- Using expressive language
- Attention and memory
- Problem solving

Social Interaction: Moderate

Moderate reduction in functional capacity for social interaction. Examples of activities included in this domain are:

- Managing familiar situations and people
- Managing unfamiliar situations and people

Living Situation/Supports: Living with parents in family home

Assistive Technology (AT): Reasonable AT in place for a person with this disability and functional capacity

Independent assessment results by domain

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

Example profile 3

Name: Reuben

Age: 58

Disability: Stroke

Self-Care and Self-Management: Severe

Severe reduction in functional capacity for Self-Care and Self-Management. Examples of activities included in this domain are:

- Food preparation
- Eating
- Toileting and bathing
- Domestic work
- Planning and self-organisation

Communication and Learning: Severe

Severe reduction in functional capacity for communication and learning. Examples of activities included in this domain are:

- Using receptive language
- Using expressive language
- Attention and memory
- Problem solving

Mobility: Severe

Severe reduction in functional capacity for mobility. Examples of activities included in this domain are:

- Walking and moving
- Using transportation
- Holding body position
- Carrying and holding objects

Social Interaction: Severe

Severe reduction in functional capacity for social interaction. Examples of activities included in this domain are:

- Managing familiar situations and people
- Managing unfamiliar situations and people

Living Situation/Supports: Living with parents in family home

Assistive Technology (AT): Reasonable AT in place for a person with this disability and functional capacity

Independent assessment results by domain

Tool	Self-Care and Self-Management	Mobility	Communication and Learning	Social Interaction
Vineland	Severe	NA	Severe	Severe
WHODAS	Severe	Severe	Severe	Severe
LEFS	NA	Severe	NA	NA

Example profile 4

Name: Stella

Age: 26

Disability: Autism

Self-Care and Self-Management: Moderate

Moderate reduction in functional capacity for Self-Care and Self-Management. Examples of activities included in this domain are:

- Food preparation
- Eating
- Toileting and bathing
- Domestic work
- Planning and self-organisation

Communication and Learning: No required support

Nil reduction in functional capacity for communication and learning. Examples of activities included in this domain are:

- Using receptive language
- Using expressive language
- Attention and memory
- Problem solving

Mobility: No required support

Nil reduction in functional capacity for mobility. Examples of activities included in this domain are:

- Walking and moving
- Using transportation
- Holding body position
- Carrying and holding objects

Social Interaction: Severe

Severe reduction in functional capacity for social interaction. Examples of activities included in this domain are:

- Managing familiar situations and people
- Managing unfamiliar situations and people

Living Situation/Supports: Living with parents in family home

Assistive Technology (AT): Reasonable AT in place for a person with this disability and functional capacity

Independent assessment results by domain

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

Example profile 5

Name: Phil

Disability: Cerebral palsy

Age: 3

Self-Care: Profound

Profound reduction in functional capacity for Self-Care. Examples of activities included in this domain are

- Showering, bathing and dressing
- Eating and drinking
- Toileting
- Grooming
- Sleeping

Communication: Severe

Severe reduction in functional capacity for Communication. Examples of activities included in this domain are:

- Gesture and sign language
- Listening
- Giving and receiving information
- Communicating wants and needs through facial expressions
- Vocalisations or speech

Motor Skills: Profound

Profound reduction in functional capacity for Motor. Examples of activities included in this domain are

- Moving around the home and community
- Manipulating objects

Learning and Socialisation: Moderate

Moderate reduction in functional capacity for Learning and Socialisation. Examples of activities included in this domain are:

- Understanding and remembering information and attention
- Learning new things
- Practicing new skills
- Planning and making decisions
- Developing play interests
- Emotional and sensory regulation
- Developing emotional intelligence, social awareness and/or safety awareness

Living Situation/Supports: Living with parent(s), guardians or in kinship arrangement in family home

Assistive Technology (AT): AT budgeted for is new and appropriate for someone with this combination of disability and functional capacity

Independent assessment results by domain

Tool	Self-Care	Motor Skills	Communication	Learning and Socialisation
Vineland	Profound	Profound	Severe	Moderate
Pedicat	Profound	Profound	NA	Moderate

Example profile 6

Name: Kurt
Age: 5

Disability: Hearing impairment

Self-Care: No required support

Nil reduction in functional capacity for Self-Care. Examples of activities included in this domain are:

- Showering, bathing and dressing
- Eating and drinking
- Toileting
- Grooming
- Sleeping

Communication: Moderate

Moderate reduction in functional capacity for Communication. Examples of activities included in this domain are:

- Gesture and sign language
- Listening
- Giving and receiving information
- Communicating wants and needs through facial expressions
- Vocalisations or speech

Motor Skills: No required support

Nil reduction in functional capacity for Motor. Examples of activities included in this domain are:

- Moving around the home and community
- Manipulating objects

Learning and Socialisation: Mild

Mild reduction in functional capacity for Learning and Socialisation. Examples of activities included in this domain are:

- Understanding and remembering information and attention
- Learning new things
- Practicing new skills
- Planning and making decisions
- Developing play interests
- Emotional and sensory regulation
- Developing emotional intelligence, social awareness and/or safety awareness

Living Situation/Supports: Living with parent(s), guardians or in kinship arrangement in family home

Assistive Technology (AT): AT budgeted for is new and appropriate for someone with this combination of disability and functional capacity

Independent assessment results by domain

Tool	Self-Care	Motor Skills	Communication	Learning and Socialisation
Vineland	No required support	No required support	Moderate	Mild
Pedicat	No required support	No required support	NA	Mild