

Evaluation of the Direct Payments Project

Final Report

August 2007

This report was prepared by

LDC GROUP

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1st August 2007

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Executive Summary

Introduction

Direct payments is the transfer of an agreed amount of funding directly to a person with a disability, a family member or carer. The person is then able to manage the selection and purchase of supports in line with an agreed plan. The aim of direct payments is to give people with a disability greater flexibility and control over their supports and services.

Direct payments operates in other Australian states and countries such as the United Kingdom, Canada and the United States enabling people with a disability, family and carers to purchase and self-manage their supports.

Direct payments differ from the current system where disability service providers are funded to deliver supports to a person with a disability or where funds are transferred to a financial intermediary to administer at the direction of a person with a disability.

Direct payments are consistent with the individualised planning and support (IP&S) approach, which forms part of the priority strategy of the *Victorian State Disability Plan 2002 – 2012* to reorient disability supports to ensure that they are provided based on individual's needs, aspirations and choices.

From January 2006 to June 2007 the Victorian Direct Payments Project, was undertaken by Disability Services, Department of Human Services (DHS) in partnership with a group of people with a disability, families and carers, known as the Direct Payments Consultants Group (DPCG). The project was overseen by a DHS project management team (PMT).

The Direct Payments Project was one of a number of *Participating in Policy Projects* of the Active Participation Strategy, which sought opportunities to develop, trial and evaluate innovative approaches to increasing the active participation of people with a disability in the policy-making activities of the DHS Disability Services Division and in regions.

Based in the Southern Metropolitan Region (SMR) the project had two stages:

- Stage 1: Development of direct payments policies, procedures and tools to support direct payments in partnership with the DPCG using an action research approach.

- Stage 2: Trial of direct payments, where direct payments policies, procedures and tools were refined, again, using an action research approach.

The model of direct payments developed for the trial involved:

- The direct payments user signing a deed of agreement with DHS
- The direct payments user opening a bank account for the sole purpose of direct payments
- DHS transferring funding each month according to a funding schedule
- The direct payments user having responsibility for arranging the purchase and payments of their chosen services and supports
- The direct payments user having responsibility for complying with accountability requirements as specified in the deed and a direct payments user manual
- DHS monitoring direct payments users monthly and undertaking regular (3-monthly) financial reviews.

The model was similar to that adopted in the United Kingdom and the approach used in Western Australia. The model differed in that the monitoring of direct payments user's expenditure was undertaken by DHS using reports based on online viewing of the separate bank accounts opened by direct payments users for the purpose of direct payments. This reduced the burden on the direct payments user of monthly reporting whilst maintaining accountability.

Evaluation Methodology

The evaluation used an action research methodology and included:

- Development of an evaluation framework
- Development of consultation instruments
- Conducting consultations
- Collating, analysing and reviewing literature and data
- Reporting the findings of the evaluation
- Preparation of a digital story.

The evaluation focused on:

- The project design
- The support and tools developed for direct payments users

- Outcomes for direct payments users as a result of using direct payments
- The management and administration processes
- The action research approach to participatory policy formulation.

The evaluation sought to measure:

- How the Direct Payments Consultants contributed to policy formulation
- Whether direct payments users experienced greater independence and autonomy as a result of using direct payments during the trial
- Whether direct payments users' community participation was enhanced due to direct payments during the trial
- Whether in the trial direct payments users had a greater choice of disability service providers as a result of direct payments
- Whether the accountability of public funds was duly recognised.

Consistent with action research methodology, the data generated in both stages of the project continually informed the evaluation as well as the development of the project and generated rich data that conveyed the layers of issues that impacted direct payments users, whether they were a person with a disability, family member and /or support person, disability service providers, facilitators, DHS and other stakeholders.

Evaluation Findings, Recommendations and Proposed Actions

The evaluation of the Direct Payments Project indicated that direct payments were successfully used by all ten direct payment users. Direct payments users experienced benefits of greater flexibility and control as a result of being able to negotiate the nature of the service provision directly with disability service providers and managing the expenditure of their funding in line with the goals of their funding plan and their changing needs. Moreover, a key outcome of the project was the confirmation that all direct payment users chose to continue with direct payments beyond the trial because of the significant benefits they experienced whilst trialling direct payments.

The Direct Payments Project has been successful in achieving its stated aims and objectives of:

- Actively and meaningfully engaging people with a disability, family and carers in decision making processes that would influence and shape policy-making, using a participatory action research approach
- Trialling an action research approach to the development and implementation of policy
- Developing policies, tools and processes to enable direct payments to people with a disability and to trial direct payments, including financial mechanisms and accountability requirements to support direct payments
- Identifying the quality outcomes for people with a disability, their family and carers who independently purchased services and supports¹.

The findings of the trial of direct payments were compared with similar models interstate and overseas. At the completion of the project, all direct payments users had successfully managed their funds in accordance with the goals of their individual plan and the administrative and accountability requirements.

The experiences of the direct payments users indicate that many others would benefit from having the control and flexibility of direct payments. The successful implementation of direct payments during the trial indicates the potential to expand, extend and further refine direct payments in order to make it available to other potential direct payments users.

¹ Evaluation of Direct Payments Project brief 2006, attachment 3

Trialling Direct payments

Centrelink ruling

A significant issue which impacted the Direct Payments Project and which must be resolved if direct payments are to be expanded to more people in future, is obtaining a ruling from the Department of Families, Communities and Indigenous Affairs (FaCSIA) in regards to Centrelink benefits. A public ruling from the Australian Taxation Office was secured which states that direct payments are not considered income. A similar ruling, which states that direct payments do not impact on the Centrelink entitlements of direct payment users is yet to be secured and negotiations between DHS and FaCSIA are continuing.

Diversity of direct payments users

The model of direct payments used in the current project was trialled by a group of ten people and with the requirements that direct payment users were able to self-manage their budgets and were in a stable situation. Nevertheless, the group also comprised direct payment users in diverse situations, in different life stages and with individual aspirations and ambitions.

The evaluation findings suggest that people with diverse profiles and needs could potentially use and benefit from direct payments.

Accountability

Financial mechanisms and accountability requirements were developed and trialled during the project. The monitoring system examined the bank accounts of the direct payments users against financial management controls. They were effective in identifying if the direct payments users required further assistance and follow-up and in managing any risks. DHS were able to use the financial management controls to successfully identify anomalies, which were considered to be minor². Further information about the role of monitoring can be found in section 4 and Appendix 8 of the report.

A key outcome identified by the financial reviews was that direct payments users managed their accountability requirements, complied with their financial administrative obligations and used the funds in accordance with the goals of the funding plan.

Comprehensive systems were established throughout the project to ensure and monitor the administration and accountability of direct payments. The

2 Direct Payments Project report on the monitoring, financial review and acquittal of direct payments, May 2007

evaluation findings have identified that the systems were successful and they can be further refined.

Implications for an expanded trial

The trial of direct payments commenced in August 2006 and concluded in April 2007. Direct payments users experienced between 2- 9 months on direct payments with an average of 7.2 months. Although the project concentrated the accountability requirements, which would usually be associated with an annual cycle within this trial period, the trial period for a larger trial should be taken over a time frame to allow for full testing of direct payments across the planning and financial cycle.

Direct payments requires very different infrastructure and supports from DHS than the traditional model of funding. A staged expansion of direct payments is recommended to allow for the development and continued improvement of business systems and practices. To drive these changes at a systemic level and to fully test the resulting developed systems the number of participants in the trial needs to be significantly increased. A cost-benefit analysis should be undertaken to examine the ongoing operating costs of direct payments to DHS and the benefits to people with a disability.

The experience of SMR in the Direct Payments Project is critical in leading the future development of direct payments. An expanded trial involving the Gippsland Region, a rural region, which shares a geographic boundary with SMR, and would facilitate communication and learning between the two regions, is recommended.

Recommendation 1:

The trial of the direct payments model is expanded to 100 participants located in the Southern Metropolitan Region and Gippsland Region.

Support, tools and resources

The role of the SMR project officer was important in ensuring the successful use of direct payments by individuals. Direct payments users in the Victorian project indicated they valued and were satisfied with the resource material and tools developed to assist their use of direct payments. The outcomes of supports and tools developed for stakeholders included:

- All direct payments users becoming sufficiently skilled upon completion of the trial to continue with direct payments.
- A series of resources developed in partnership with the DPCG including the direct payments user manual, deed of agreement and the DPCG profile.

The orientation to direct payments as a consequence of the DPCG participating in the development of direct payments was important to direct payment users as were the resources, which were developed, such as the direct payments user manual. Development of a separate induction program and further development of existing resources and supports was indicated, which considers the needs of a diverse range of potential direct payments users such as people with language difficulties, e.g. non-English speakers or some people with varying cognitive abilities.

All direct payments users appreciated the opportunity to come together to learn from each other. Most direct payments users in the trial indicated that they were prepared to provide some orientation or support to new direct payments users. At the completion of the project it was not clear how the ten direct payment users and other people starting on direct payments might support or interact with each other independently of DHS. The possibility of an organisation auspiced by a peak consumer body was briefly discussed.

Disability service providers and facilitators indicated they needed resource materials and support to assist their understanding and implementation of direct payments.

Recommendation 2:
Implement a training and support program for direct payments users, disability service providers and facilitators.

Employment of Support Workers

The Victorian model of direct payments did not include the capacity for direct payments users to employ support workers, however there was a high level of interest by the DPCG, which consistently raised the need for the PMT to consider this option into the future. Overseas experience and the numbers of people who indicated that they would have participated in the project if this option was available further support this.

Research on direct payments suggests that the employment of support workers by direct payment users is an important dimension in maximising the benefits of direct payments. Direct payment users in the project supported the extension of direct payments in Victoria to include the employment of workers. Further, the exploration of how direct payments users might establish a micro board or similar entity was suggested.

Recommendation 3:

Trial the direct employment of support workers by people with a disability.

Individualised options and outcomes

Individual outcomes for direct payments users

The 10 direct payments users had an average of 7.2 months of using direct payments (a range of 2 – 9 months). Direct payments had significant positive outcomes on the lives of direct payments users relating to community participation, personal confidence, quality of life, and being in control of their supports. Of the 10 direct payments users:

- 7 agreed that they were more able to participate in the life of their family, friends, and the wider community
- 7 stated that they were more confident in their ability to negotiate the supported needed
- 8 said that they were more in control of their lives
- 7 said that they were better able to determine and choose the supports needed.

Legislation and policy

The principles of the Disability Act 2006 and the Guiding Principles of the *Victorian State Disability Plan 2002-2012* support the implementation of direct payments as an option for people with a disability. Further work is currently being undertaken by DHS Disability Services in relation to the role of the financial intermediary as part of developing a range of options for administering individualised funding. A policy on the options for administering individualised funding, such as through direct payments or financial intermediary would ensure an integrated approach.

Planning

During the project direct payment users and facilitators explored the matching of facilitators with direct payment users, the role of facilitators and the scope of the plan.

Facilitators reported concerns that people independent of facilitators may not have the same access to information about services and support available. The possibility that people may be able to prepare their plan independently of a facilitator was welcomed by some direct payments users³.

³ DPCG Issues Paper February 2007

Recommendation 4:

The findings of the Direct Payments Project are considered in the development of Individual Support Packages policy.

Individual packages

As part of the project, it was agreed that people who are in receipt of more than one individual support package (ISP) would be able to have a single funding plan. Two people, who had separate plans for HomeFirst and FFYA, for the first time, had one plan. The integration of the two plans eliminated the confusion that arises from separating goals and supports to achieve those goals when in reality they are closely related. Combining the funding meant a more natural approach to planning, to support living life in the community. Work is being undertaken by DHS to bring together individualised programs to operate under one set of program guidelines.

Integrating the funding and planning of DHS Disability Services funded programs with other Department programs would increase the flexibility and choice of people with a disability, enabling the funding to be used in an integrated way with a greater range of disability service providers. It would also reduce the significant amount of administration when receiving support from a number of different funding sources for:

- people with a disability, in planning, reviews and when monitoring the use of funding across a number of programs and disability service providers
- disability service providers, which provide the same services, but are required to prepare invoices for the separate programs.

Recommendation 5:

Investigate the opportunity to integrate individual packages funded by DHS for people with a disability.

Direct payments and purchasing relationships

The Direct Payments Project highlighted the changing nature of the relationships, roles and responsibilities of people with a disability, DHS and disability service providers, which was often a source of discussion at workshops and meetings. Direct payments enable people with a disability to purchase services and supports from organisations, which may not be funded by DHS.

Consumer Affairs Victoria (CAV) had involvement in the Direct Payments Project through:

- Contributing to and reviewing the direct payments user manual, including the consumer guide which outlines the rights and responsibilities of direct payments users as consumers and those of the disability service providers from whom they purchase.
- A trainer from the consumer educator unit to talk at two of the DPCG workshops about consumer rights and responsibilities and the services of CAV, including support to people with a disability.

Direct payments users are not alone in purchasing services and supports with DHS funding. All people with an ISP should have access to support to become informed consumers if required. CAV recognises that people with a disability are potentially vulnerable consumers. Equally disability service providers need to understand their responsibilities and to ensure that the contracts they have with people with a disability are fair.

Some concerns have been raised in previous research that people with disability could be exploited by their support workers. This was not evident in the trial. Issues relating to risk of abuse of direct payments users were not fully examined in the present trial of direct payments and may need to be considered with a larger and more diverse group of direct payments users.

**Recommendation 6:
Foster and strengthen the relationships between DHS, Consumer Affairs Victoria and disability service providers.**

Systemic Issues Impacting Direct payments

Many issues which were raised through the project were not directly related to direct payments but rather systemic issues, such as the shortage of support workers and the consistency and quality of supports.

Discussion with disability service providers commenced during the project on how they could work together to better meet support demands. These early discussions have indicated there are workforce planning and development issues to be addressed.

Under direct payments there is flexibility for direct payments users to purchase services at a different rate to the DHS unit price. Direct payments users indicated they wanted to improve their understanding of how DHS unit prices and disability service provider fees are structured to include salaries, support coordination, training and administration and to be able to negotiate what functions they undertake themselves and what they would purchase. They are also interested in having a DHS unit price and disability

service provider service fee structure, which recognises the complexity of the tasks undertaken by support workers and their experience.

Administrative workloads experienced by direct payments users were sometimes attributed to disability service provider inefficiencies, e.g. incorrect invoicing. The Direct Payments Project has highlighted the importance of good administrative practices by disability service providers including:

- Prompt and accurate invoicing.
- Prompt cashing of cheques paid.
- Providing a range of options for payment of invoices such as BPAY⁴.

The evaluation has identified a number of issues that need to be addressed with disability service providers to improve business practices and transactions between direct payments users and disability service providers. Disability service providers require business systems that are efficient and effective for all service users and which support individualised funding.

The Victorian Industry Development Plan⁵ and Disability Services Quality Framework⁶ are important initiatives that are intended to influence positive outcomes in service quality and consistency.

Recommendation 7:

The findings of the evaluation of the Direct Payments Project are considered in the implementation of the Victorian Industry Development Plan.

Action research

A critical success factor of the project was the application of action research approaches. The evaluation identified that action research facilitated participatory policy formulation and engaged the project stakeholders in problem-solving discussions. Dialogue on difficult issues between direct payment users, disability service providers, facilitators and DHS occurred as a result of using reflective dialogue in decision-making.

Action research approach facilitated:

- A more open culture within the project and more direct communication between the key stakeholders.

⁴ Direct payments service provider information sheet draft version 1

⁵ Department of Human Services, 2006

⁶ Department of Human Services, 2005

- Consideration of the role of the facilitator in direct payments.
- DHS and the direct payments users jointly engaging disability service providers. This form of engagement fostered an open and honest discussion of the issues and a collaborative and problem solving approach.
- The involvement of Direct Payments Consultants alongside DHS staff in the shaping of the model and the development of policy and resources.
- Identification and development of strategies by the PMT to change and improve the model of direct payments and its implementation in the project.

Recommendation 8:

Action research methodology be used in future policy development.

Summary of Recommendations and Proposed Actions

Recommendation 1:

The trial of the direct payments model is expanded to 100 participants located in the Southern Metropolitan Region and Gippsland Region.

Proposed actions

- 1.1** DHS continue to work with the Department of Families, Community Services and Indigenous Affairs to secure a ruling that direct payments do not impact on the Centrelink entitlements of direct payments users⁷.
- 1.2** The 100 participants in the trial are selected in accordance with a structured sample group to include people from CALD backgrounds, people with varying cognitive abilities and other consumer groups.
- 1.3** DHS negotiate a common agreement with a bank(s) to ensure uniformity of service and conditions.
- 1.4** The trial is undertaken over 15 months to ensure that the full planning and financial cycle is tested.
- 1.5** DHS develop efficiencies in the implementation of the model to ensure that direct payments are sustainable on a larger scale, including:
 - Examination of business rules and information support systems to support monitoring of direct payments users through the online viewing of the separate bank accounts for direct payments.
 - Consideration of self-reporting by direct payments users and audits of direct payments users by DHS.
- 1.6** DHS undertakes a cost-benefit analysis of the ongoing operating costs of direct payments to DHS.
- 1.7** DHS develops an implementation plan for the expanded trial of direct payments.

Recommendation 2:

Implement a training and support program for direct payments users, disability service providers and facilitators.

Proposed actions

⁷ Reflects a recommendation of the DPCG Issues Paper February 2007, to which DHS has previously responded.

- 2.1 DHS develop user-friendly, concise, plain English and translated materials explaining direct payments.
- 2.2 DHS support the development and delivery of an induction program for new direct payments users.
- 2.3 DHS provide a dedicated project officer in each Region to provide information, support and advice to direct payments users during the trial.
- 2.4 The direct payment users participate in trialling and further developing the financial tracking tool developed by a direct payments user to inform its future application.
- 2.5 DHS support the development of a website with information about direct payments.
- 2.6 DHS examine options to support the development of peer support of direct payments users.
- 2.7 DHS produce a guide to direct payments for facilitators.
- 2.8 DHS engage disability advocacy groups to promote and support direct payments.
- 2.9 DHS produce a guide to direct payments for disability service providers.
- 2.10 DHS develop a marketing and communication strategy to disseminate information about direct payments.

Recommendation 3:

Trial the direct employment of support workers by people with a disability.

Proposed actions

- 3.1 DHS establish a working group with direct payments users and other key stakeholders to develop and trial a model of direct payments, which enables direct payments users to employ support workers.
- 3.2 DHS consider the inclusion of trusts, micro boards and associations as a user of direct payments.

Recommendation 4:

The findings of the evaluation of the Direct Payments Project are considered in the development of Individual Support Packages policy.

Proposed actions

- 4.1 The flexibility of direct payments is adopted in the development of Individual Support Package guidelines.

- 4.2** DHS considers the inclusion of funding for facilitation in the individual funding for people with a disability.
- 4.3** DHS examine the model of direct payments for its application to other forms of financial administration of Individual Support Package funding, such as financial intermediary function.
- 4.4** DHS develops a policy for the different forms of financial administration of Individual Support Package funding.

Recommendation 5:

Investigate the opportunity to integrate individual packages funded by DHS for people with a disability.

Proposed actions

- 5.1** The integration of Disability Services funded programs be further implemented⁸.
- 5.2** Opportunities for the integration of individual packages together with other DHS Divisions be investigated⁹.

Recommendation 6:

Foster and strengthen the relationships between DHS, Consumer Affairs Victoria and disability service providers.

Proposed actions

- 6.1** DHS in conjunction with CAV adapts the consumer guide and resources of the direct payments user manual into a separate document to be made available to all people on an Individual Support Package¹⁰.
- 6.2** DHS in conjunction with CAV revises the consumer guide to include information on contracts and standards of service to be expected¹¹.
- 6.3** DHS in conjunction with CAV considers the development of training and other resources for people with an Individual Support Package, families and carers to enable them to become informed consumers.
- 6.4** Disability service providers receive training and information on the Fair Trading Act.

⁸ Reflects a recommendation of the DPCG Issues Paper February 2007, to which DHS has previously responded.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

- 6.5** Community awareness strategies be devised by DHS with Consumer Affairs Victoria to increase the awareness and knowledge of mainstream community services about people with disability using direct payments.

Recommendation 7:

The findings of the evaluation of the Direct Payments Project are considered in the implementation of the Victorian Industry Development Plan.

Proposed actions

Creating individualised support responses

- 7.1** DHS encourage the development of local models of collaborative service provision to better meet the needs of people with a disability¹².

Workforce planning and development

- 7.2** DHS support research on successful models for addressing worker shortages in service industries.
- 7.3** DHS support research on successful models for training support workers.
- 7.4** DHS support the development of databases of support workers to assist disability service providers with resource sharing and collaboration.

Increasing community awareness and valuing diversity

- 7.5** DHS examine the roles that the Department of Victorian Communities, MetroAccess, RuralAccess and DeafAccess may have in community awareness and development of direct payments.

Industry governance, management, planning and investment

- 7.6** DHS monitors the rates disability service providers charge people on an Individual Support Package¹³.
- 7.7** DHS considers alternative models to the current unit price structure to reflect the complexity of the services provided and the administration costs¹⁴.

¹² Reflects a recommendation of the DPCG Issues Paper February 2007, to which DHS has previously responded.

¹³ Reflects a recommendation of the DPCG Issues Paper February 2007, to which DHS has previously responded.

- 7.8 DHS conduct workshops with disability service providers to improve the transition for direct payments users from a previous administrative arrangement to direct payments¹⁵.
- 7.9 DHS support the development of a template contract in conjunction with people on Individual Support Packages and disability service providers which allows for individual variations¹⁶.
- 7.10 Disability Services work with National Disability Services (Victoria) to encourage business planning by disability service providers and set standards and key performance indicators related to efficiency and business practice in the sector¹⁷.
- 7.11 DHS develop change management and communication strategies to address sectoral changes required for the implementation of direct payments.

Recommendation 8:

Action research methodology be used in future policy development.

Proposed actions

- 8.1 DHS develop guidelines on the use of action research for participatory policy development.
- 8.2 DHS use action research to support cultural change required in the disability services industry to enable the successful implementation of direct payments¹⁸.
- 8.3 The trial is undertaken using action research with the involvement of key stakeholders.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Reflects a recommendation of the DPCG Issues Paper February 2007, to which DHS has previously responded.