

Reduction of funding and services during NDIS transition

Information for Non-Government Organisations funded to deliver specialist disability services – Version 2.12

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1. Where can I find more information on the reduction of funding and services for Disability Services?

Information regarding the reduction of funding and services is available on our [website](#). Your regional contract manager is also available to assist with any general enquiries you have and can work with you to look at specific service and funding arrangements to determine how the reduction Framework will apply.

2. Why will funding and services through the Service Agreement be reduced?

Queensland is committed to the implementation of a National Disability Insurance Scheme (NDIS) with a phased transition occurring between July 2016 and June 2019. The Bilateral Agreement entered into by Queensland and the Commonwealth details the funding arrangements for the NDIS, with the Queensland Government to contribute an increasing amount during each transition year. This contribution will reach about \$2.2 billion per annum from 2019-20. The Bilateral Agreement also notes that during transition and in line with phasing, and following commencement of the full NDIS, “the Queensland Government will no longer provide specialist disability services or basic community care services to those people whose needs are intended to be met by the NDIS”.

As the transition to the NDIS occurs and people receive an approved plan, their supports will be funded through the NDIS rather than through Queensland funding. Once an individual has an approved plan under the NDIS they are no longer eligible to receive specialist disability services from Queensland. Your Service Agreement will be varied to formally reduce the funding and services in relation to the agreed phasing and funded individuals.

3. Where is the department’s authority to reduce funding and services in my Service Agreement?

To enable the department to act quickly and simplify the administration involved in varying Service Agreements a specific clause has been added to all Service Agreements for specialist Disability Services. For more information please refer to the Service Agreement [Standard Terms](#) and [Funding and Service Details](#). Clause 4.10, Changed Support Needs and NDIS Transition specifically provides for the reduction of services and the stopping of funding due to the implementation of NDIS Arrangements.

The reduction of funding and services will be made in line with the [Framework for the Reduction of Funding and Services through a Service Agreement](#) or as otherwise notified to you. The Framework outlines four possible treatments to effect the reduction;

- Reduction at the approved plan date for the individual
- Reduction at the arrangement level when all individuals have an approved plan
- Reduction when a threshold point is reached
- Reduction as per the existing commitment of Queensland for information, linkages and capacity building services

You will need to look at the Framework and your contracted arrangements to determine how the funding and service reduction will apply for each of your organisations funded service arrangements. Your regional contract manager can help you to work through which treatment will apply for *each* funded service delivery arrangement in your Service Agreement.

4. The reduction is at the approved plan date, what does this mean?

The department will reduce services and funding based on the date an individual has an approved plan with the NDIS as once individuals have their approved plan they are no longer eligible to receive specialist disability services from Queensland. You can find more information on this in the Bilateral Agreement between the Commonwealth and Queensland. Once a person has an approved plan with the NDIS, their support needs are intended to be met via that Plan and, the provider of choice can bill the NDIS for services agreed and provided from that date.

The reduction will be effective at the date the individual has an approved plan, for example if an individual has an approved plan date of 1 July 2016 the department will reduce at 1 July 2016 and the last day that funding from the department can be utilised in support of the individual (and, the last date that services can be delivered under the Service Agreement) will be 30 June 2016.

5. How and when will funding and services in my Service Agreement reduce?

The commencement and duration of changes to your Service Agreement will depend on where you provide services and where individuals receiving funded supports live. Some organisations that provide services to people across the State may have reductions which occur over the full three years of phasing from 1 July 2016 to 30 June 2019; other organisations which provide services to people that live in one geographical location may only be impacted for a six month period. The roll out schedule showing the expected timeframe for each area's transition is available on our [website](#).

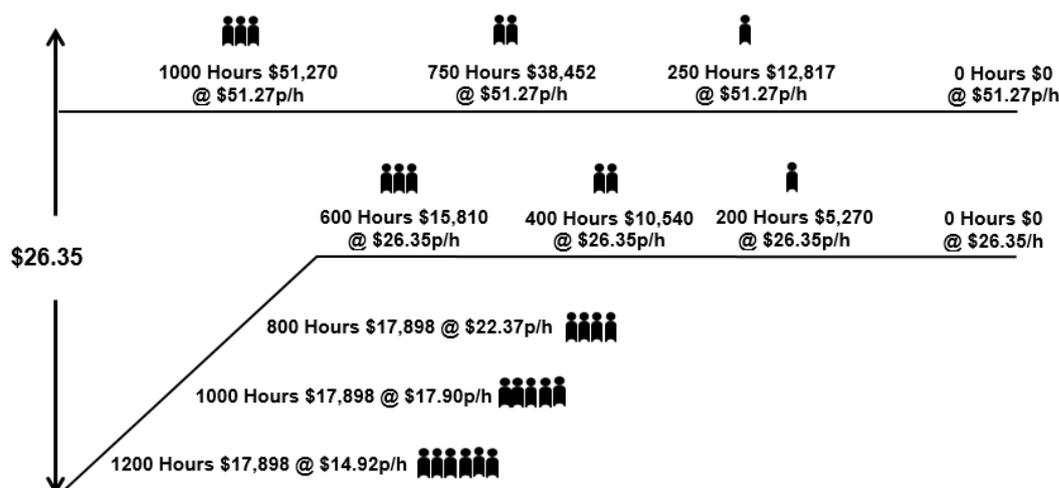
The reduction to funding and services is based on Queensland receiving advice from the National Disability Insurance Agency (NDIA) regarding individuals who have an approved plan. The department will enact reductions to Service Agreements in line with the Framework as information is received from the NDIA although at a minimum, on a monthly basis.

6. What is the threshold point?

There are different threshold points that could apply before funding is reduced depending on the type of support being provided. For example:

6.1. Derived unit rate value

For block allocations (including overnight respite) which are contracted in hours the threshold point for the 2018/19 financial year is \$26.35 per hour. Any block allocations which are funded less than \$26.35 per hour will have a reduction in the contracted output quantity (i.e. the service provision reduced) although, not a reduction in the funded amount until the threshold point is reached for the arrangement. The below example shows how the reduction will apply for the two situations, funding with a derived unit rate above or equal to \$26.35 per hour and funding with a derived unit rate of less than \$26.35 per hour.



6.2. Other not specified arrangements, defined term of funding applied or as notified

There are some limited instances outside of information, linkage and capacity building (ILC) funded arrangements where the departments funding cannot be reduced based on an individual transitioning into the NDIS.

This is the situation for arrangements that the department agrees should not have individuals identified against them as they are generally “through-put” in nature and, offer short-term / one-off supports. In these instances the department will look at the application of a different threshold point for example, cessation or step down of funding at or towards the end of phasing for a geographical location.

The department will alter these funding arrangements to ensure each organisation has a clear and definitive understanding of when this funding will cease.

7. How will overpayments be calculated and managed?

As the department will maintain quarterly payments in advance and people transition to the NDIS throughout each quarter, overpayments will certainly occur. Overpayments will be calculated based on a daily pro-rata amount of funding.

The department will recoup overpayments through the reduction of a future funding payment or through an invoice. An invoice will be raised where a future funding payment is not sufficient to recoup the overpayment or if no future funding payments will occur for an organisation.

Below is a simple example for an organisation with only one funding allocation showing the application of a daily pro-rata calculation and the reduction of funding amount and recovery of overpayment through short payment and then an invoice being raised as the last individual transitions into the NDIS.

\$240,000 for 2 individuals for 3000 hours each a total of 6000 hours (\$40 derived unit rate)											
Quarter 1			Quarter 2			Quarter 3			Quarter 4		
July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June
\$60,000			\$60,000			\$60,000			\$60,000		
			\$30,000			\$30,000					
			\$10,000								
			Payment of \$30,000 less overpayment of \$20,000								

Individual
receives an
approved plan 1
August

Individual
receives an
approved plan 1
March

Invoice raised
for \$10,000
overpayment as
no future funding
payments will
occur

8. When will I be advised that a person has an approved plan?

Eligible participants will receive an individualised plan which sets out their goals and aspirations, relevant community and mainstream supports (such as education, health, transport, housing) and the reasonable and necessary supports (services and products) that will be funded by the NDIS. This plan is tailored to the individual needs of each participant and aimed at mapping the supports required to meet their needs and goals. A participant can choose how they want to manage the funding for their supports, including whether they self-manage, or whether the NDIA or a third- party provider manages their funding on their behalf.

If participants are happy with their current arrangements, and these meet their needs and goals and are reasonable and necessary, they may be able to retain existing supports as part of their plan.

Participants will choose who will provide their supports under their plan with the NDIS and, will formalise this choice in part through a Service Booking – which is an NDIA system “agreement” between the participant and the provider.

As a provider of support to an individual it is most likely that you will know an individual has an approved plan well before the department effects a reduction to your Service Agreement.

Organisations must put in place business processes and practices that maximise relationships with clients and minimise their service and financial risks should individuals choose a different organisation.

The department will provide notification to your organisation regarding the reduction of services and funding under your Service Agreement at least on a monthly basis. This Notification will be made available to you on the On Line Data Collection system (ODC) by the 5th working day of each new month.

9. What information and notification will I receive when a reduction occurs?

As reductions are effected the department will give formal notice under the Service Agreement that it has been determined Services are no longer required because of the implementation of NDIS Arrangements. The detail of the reduction will be provided through the Disability Services' Service Agreement Reports which are a suite of three reports comprised of the:

- *Service User Cessation report* which provides the formal notice regarding the Services to a particular Service User that will be stopped. Information in this report includes the date of an individuals approved plan, the services ceasing, the reduced annual funding value and any applicable recoupment and the
- *Operating Service Agreement Details report*

This report provides information on all contracted funding and output quantities (and agreed variations). The information is presented on a month by month basis to show new, varied or ceased funding records and the

- *Organisation Payment Summary report*
- This report provides information on all payments and adjustments under the Service Agreement and if applicable, will show in summary format, information about any invoices or credit notes that you will have received separately to recover overpayments.

Prior to these Reports being made accessible to you, where an overpayment has been made you will also receive emailed advice from the department's financial accounting system of the overpayment value. Where recoupment is to occur through a reduction of a future funding payment this advice will be a Recipient Created Adjustment Note. Please contact your regional contract manager if you have any questions about our documentation.



Queensland Government
 Department of Communities, Child Safety and Disability Services
 111 George Street, Brisbane
 GPO BOX 806
 BRISBANE, QLD, 4001
 ABN: 25791185155

RECIPIENT CREATED
TAX INVOICE

Date Issued
 Vendor No.
 Document No.
 Total Amount \$0.00

Organisation Details

Enquiries
 Contact Person Accounts Payable
 Phone Number 07 3021 4220
 Fax Number 07 3008 8702
 E-mail accountspayableeco@dsita.qld.gov.au

Vendor ABN 0000000000

Page 1 of 1 DO NOT MAKE ANY PAYMENT TO THE RECIPIENT. GST IS PAYABLE BY THE SUPPLIER TO THE ATO.

Line Item	Description	Base	GST	Total
001	Outlet Grant Date-Date Grant Description	\$0.00	\$0.00	\$0.00



Queensland Government
 Department of Communities, Child Safety and Disability Services
 111 George Street, Brisbane
 GPO BOX 806
 BRISBANE, QLD, 4001
 ABN: 25791185155

RECIPIENT CREATED
ADJUSTMENT NOTE

Date Issued
 Vendor No.
 Document No.
 Total Amount \$0.00
 Related Inv. Ref.

Organisation Details

Enquiries
 Contact Person Accounts Payable
 Phone Number 07 3021 4220
 Fax Number 07 3008 8702
 E-mail accountspayableeco@dsita.qld.gov.au

Vendor ABN 0000000000

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Line Item	Description	Base	GST	Total
001	Outlet Grant Date-Date Grant Description	\$0.00	\$0.00	-\$0.00

10. How do I access the Disability Services Service Agreement Reports for my organisation?

The reports will be uploaded each month to the department's [Online Data Collection](#) (ODC) portal. A new ODC user role *Agency Report View* will be created for your organisation to access the reports. Staff that are approved to have this role will be able to view information about all funding and service delivery arrangements for your organisation and you must take care in nominating and approving this role.

Most organisations have nominated and can now access the reports through ODC, however if you have not nominated or have any queries about accessing ODC, please contact your regional contract manager. Should your organisation not wish to access the reports through ODC please contact your regional contract manager to arrange for provision of the reports through alternate means.

When the reports are made available each month a notification email will be sent through to the officers with the *Agency Report View* role – it is important that organisations ensure currency of their staff nominated. As new reports are uploaded each month they overwrite the preceding months report and therefore it is advisable that the report data is accessed, downloaded and saved locally by the end of each the month for your records.

11. What should I do if I think that the reduction to funding and services is incorrect?

The Framework for the reduction of funding and services is automatically applied based on the contractual information the department holds. Pro-active management by both the department and organisations is essential to make sure the information held by the department is always reflective of the service delivery arrangements agreed (as per your Service Agreement and supporting information) throughout the NDIS transition.

The department acknowledges that there are some service delivery arrangements where support does not occur consistently and in these instances the application of a daily pro-rata reduction of funding may not be reflective of service delivery which has occurred. If your organisation has arrangements where support does not occur consistently, we strongly encourage you to look at ways your organisation can minimise the risk in the provision of these supports, and to discuss the implications with your regional contract manager.

If there are circumstances where, despite pro-active management, a reduction is not reflective of the service delivery which has occurred and there is a negative financial implication for your organisation, you can apply to the department for Recourse. To be eligible for Recourse, you will need to be able to evidence that there was a true and reasonable basis for the service provision and use of funding. Recourse is only available for situations where

- You had advised of a change and the information held by the department was not reflective of the service delivery arrangement; or
- the application of a daily pro-rata reduction of funding was not reflective of service delivery which has occurred.

A [recourse request form](#) must be submitted in full within 20 business days from when the department notified you of the reduction. When the department receives an application for Recourse we will provide written acknowledgement within 2 business days, including a contact person for your application. Your organisation will then be advised regarding the outcome of the application within 10 business days.

Until a determination has been made on a Recourse application the original funding and service reduction remains applicable, this means that your organisation may receive a reduced funding payment or be required to pay an invoice even though you have applied for Recourse. Where an application is approved the advice regarding the outcome will include the detail of how funding and/or services will be reinstated.

Equally to where a reduction has occurred with a negative financial implication for your organisation, there may be situations where your organisation holds more funding than the automated recoupment value. Further information regarding unspent funding is available at Question 16.

12. What can I do if I have concerns regarding how the reduction will occur where there are a number of different support models captured under one funding allocation?

Through the renegotiation of Service Agreements between organisations and the department there will be a clear and formalised understanding of each service and funding arrangement including:

- the amount of funding allocated for each service delivery arrangement
- what that funding is currently purchasing (outputs)
- who is receiving these supports (individuals)
- the quantity of supports assigned for each individual and
- where supports for individuals are being delivered to or from (service outlet)

13. Can unspent funding held in relation to individuals who have transitioned to the NDIS be kept by my organisation?

Where the funding allocation is an **individual funding allocation** (can be a traditional or YLYC Host Provider model) once the client receives their **Approved Plan** the organisation is required to return all accumulated unspent funds that relates to that allocation.

When clients who are assigned to a **block funded arrangement** receive an **Approved Plan** the Funding Reduction Framework will be applied and any allocations with a derived unit rate above \$26.35 will have funding and services reduced as at the approved plan date/s. Organisations can retain; to support their cash flow, up to 1/12th of the value of the residual funding. Any unspent funds that exceed this value must be returned to the department.

14. How can unspent funds be accumulated?

Funding received under a Service Agreement may only be used to deliver the agreed outputs as detailed in the Agreement. There are situations where for unplanned reasons an organisation may not deliver all services at an agreed time or, for the agreed 'price' and as a result, may hold unused funds.

The department recognises that an individual's need for disability services and supports are not static and in some circumstances:

- clients may intermittently choose to change the timing of their service delivery and this may create a short term accumulation of funds not used
- the funding paid to provide the specified outputs may not have been fully required for the purpose or client that it was paid for and therefore result in some unspent funds being held by the provider.
- the output quantity agreed may not have been delivered in full due to a number of reasons like illness – therefore, all funding paid will not have been used and unspent funds will be held by the provider.
- the specified outputs may have all been delivered though the expenditure required to deliver the services was less than the funding provided such as can occur where an organisation has a large volunteer base or low overheads. Noting that funds cannot be applied to any other activity or purpose other than those specified in the Agreement and although the specified output type and quantity have been delivered, there will be some unused funds held by the provider.

Regardless of why an organisation holds unspent funding, the terms and conditions of the Service Agreement and the Funding Accountability Guidelines apply and they require that any portion of funding not utilised for the approved purpose is required to be notified and returned to the department, unless the funds are approved by us to be retained or used for another purpose. At the point where all funding and services under the Service Agreement are ceased any remaining unspent funds held by your organisation must be returned to the department.

15. How do I notify the department that I hold unspent funds?

You can notify the department that you have unspent funds through:

- declaring via your Directors Certification that (in part) states funding paid has been used as per the terms and conditions of the Service Agreement and further, that no departmental funds are continued to be held when they ought to have been declared and / or returned.
- advising your Contract Officer of unspent funds held to be returned - the department will generate a tax invoice for payment.
- you can return funds directly to the department through an Electronic Funds Transfer or cheque to the department- see details below

Electronic Funds Transfer (EFT):

Bank: Commonwealth Bank

Branch: Queensland Government Banking Centre, 240 Queen Street, Brisbane.

BSB: 064-013

Account No: 1000 7782

Account Name: DISQ Controlled Account

Reference: Invoice Number (if issued) or Grant ID.

Send a cheque, made payable to the Department of Communities, Disability Services and Seniors. Please mark the envelope to the attention of:

Principal Funding Officer
Payments Processing and Administration
Funding Services
Corporate and Executive Services
GPO Box 806
Brisbane QLD 4001

16. What does 1/12th of the value of funding mean?

The 1/12th 'allowable' was designed for two main reasons:

- to reduce administrative processes for both organisations and the department in respect to the requirement for organisations to return all unspent funds held for each and every funding arrangement and
- in recognition of the triggers to release payment and associated timing of lodgement and payments being made. That is, the time between organisations submitting their financial reports and performance data by the due date which is generally the end of the month of each new quarter, and payment being received. Through this process, organisations may experience cash flow concerns.

The 1/12th 'allowable' enables where funds have been accumulated by a provider, for reasonable basis, that funds up to the 1/12th of the recurrent value at any time, may be retained by the organisation to cover cash flow concerns. The 1/12th is not a cumulative amount; and as such, the maximum amount that can be held at any point in time cannot exceed 1/12th of the funding value at that point in time.

Throughout the transition to the NDIS the funding value in your Service Agreement will reduce as each client transitions to the NDIS - as a result the 1/12th value that can be retained by your organisation will also reduce accordingly. As the value of the Service Agreement reduces your Organisation will need to return any accrued funds that exceed 1/12 of the value of the Service Agreement although, once a funding arrangement is ceased, all unspent funds held against that allocation must be returned.

17. My organisation is a Your Life Your Choice Host Provider is there any specific information?

Your Life Your Choice (YLYC) funding through a Host Provider model will be reduced at the approved plan date for an individual as per the Funding Reduction Framework. As with all other service delivery models the reduction for YLYC will be calculated on a daily pro-rata basis.

You are strongly encouraged to closely monitor and temper the allocation and use of funding and therefore the expenses incurred in phasing locations to reduce or remove financial risk to your organisation. For YLYC arrangements where an organisation allocates funding directly to an individual's bank account, the department recommends a shift to monthly rather than quarterly transfers.

Any unspent funds not utilised for the approved purpose prior to the client receiving an **Approved Plan** must be returned to the department and may not be retained by the provider for any other purpose.

18. Do I need to maintain my quality certification during phasing?

While you have a Service Agreement for specialist disability supports you must continue, unless the department otherwise advises, to meet your obligations of that Service Agreement including service provision delivered in compliance with the Quality Standards. Further information quality and safeguards during NDIS transition is available on our [website](#).

19. Will the reduction of funding and services impact on subcontracting arrangements?

There is no additional treatment or consideration in the Framework for subcontracting arrangements. The department holds no contractual relationship with a subcontractor and your organisation should consider your practices and the financial impacts that may occur with subcontracting arrangements as the department applies the framework for the reduction of funding and services. You are reminded of the provisions of your Agreement with us in relation to subcontracting (refer your Agreement Clause 22)

20. Do I report service delivery under the NDIS through NMDS?

Only service delivery that has occurred with funding provided under the Disability Services' Service Agreement should be reported through the NMDS. Once an individual has an approved plan under the NDIS they are no longer eligible to receive specialist disability services from Queensland and therefore no supports provided to an individual should be reported through the NMDS. You will still need to undertake NMDS reporting in relation to the support provided to an individual up to their approved plan date.

21. What if I support an individual who may not be eligible for the NDIS?

An [NDIS access checklist](#) is available to assist with working out whether an individual will be able to access the NDIS. For individuals who are not eligible, the NDIA will assist to connect individuals with community and mainstream supports. Individuals who do not meet the NDIS access requirements will continue to have access to mainstream services, such as health, education, transport and housing.

People who do not meet the NDIS access requirements, who were accessing disability supports from Disability Services prior to being assessed by the NDIA, will be supported to achieve similar outcomes, this is known as 'continuity of support'.

The Queensland Government will be responsible for continuity of support for people who are receiving disability supports at the time of transition and who are:

- aged under 65, and ineligible to participate in the NDIS
- Aboriginal and Torres Strait Islander people aged under 50, and ineligible to participate in the NDIS.

The Commonwealth (Department of Health, DoH) will be responsible for continuity of support for people receiving disability supports at the time of transition and who are:

- aged 65 years and over
- Aboriginal and Torres Strait Islander people aged 50 to 64 years, and ineligible to participate in the NDIS.

People under 65 years who have been receiving disability supports, and at transition find that they are not eligible for NDIS, will be provided with information on the continuity of support arrangements appropriate to their situation. Information for those people 65 years and over will be made available prior to the point of transition in their location. In the meantime, people should be assured that Disability Services will continue to provide supports in an area until it transitions to the NDIS.

The department's [website](#) has information regarding the continuity of support provisions.

22. Will the funding reduction also occur for Community Care?

There will be changes to the Community Care Service Agreements due to NDIS implementation; however the Framework for the Reduction of Funding and Services through a Service Agreement specifically applies to Disability Services' Service Agreements. Please refer to the [Community Care website](#) for information regarding how the Community Care reduction will occur.

23. Will the same Framework for the reduction apply over the whole 2016-19 transition period?

The Framework was designed by the department in consultation with the sector based on feedback received during two workshops. Key consideration was given to the sustainability of services, funded service delivery models, financial and cash flow risks, the high volume of reductions required and the minimisation of change. Some options were not initially taken forward but are continuing to be considered by the department, such as the option to shift away from quarterly in advance payments. The department recognises there are potentially significant impacts for organisations as funding and services reduce resulting in the department's commitment to the continuous review of the Framework during transition to check the approach is still reflective of both the department and sectors needs as the environment shifts to the new NDIS market. The Framework and approach was reconsidered with Sector representatives in September 2017 with no changes being recommended from those considerations.

24. How can I keep informed about the NDIS and the impacts of operating in a different environment?

It is important to keep informed about the NDIS, and to assist you as an organisation to get ready for the NDIS, a range of information and resources are available including:

- a [Provider Toolkit](#) and additional information on the [NDIS website](#)
- assistance with costing and pricing from [NDS](#)
- general advice for organisations from [Community Door](#)
- resources to help your organisation plan for the NDIS environment on our [website](#).

You are also encouraged to subscribe to the [NDIS eNewsletter](#) and the electronic [Queensland NDIS update](#).