

# Employment, Participation and Inclusion Services: Draft Proposals for Change

Discussion document for service providers



**MINISTRY OF SOCIAL  
DEVELOPMENT**  
TE MANATŪ WHAKAHIATO ORA

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## Introduction

The Ministry of Social Development (MSD) currently spends about \$89 million a year on Employment, Participation and Inclusion services<sup>1</sup> aimed at increasing disabled people's participation in paid employment and in their communities. This funding needs to be used as effectively as possible to get the best possible employment and social inclusion results for disabled people and people with a health condition.

We are seeking the views of national Disabled People's Organisations (DPOs), service providers, providers' organisations and selected service users/families on proposals for changes to these services.

The proposed changes are aimed at getting better results for disabled people and people with a health condition within the available funding.

This discussion document is intended for service providers and providers' organisations. It covers:

- the reasons for the proposed changes
- five draft proposals for change, including a draft Outcomes Framework
- implications of the draft change proposals for people using the services
- implications of the draft change proposals for services
- timeframes and next steps
- questions for your feedback (page 15).

## How to provide feedback

We are having a number of meetings to discuss these proposals. If you wish to provide any additional feedback please email us by 2 April 2015 at:

[participation\\_inclusion\\_services@workandincome.govt.nz](mailto:participation_inclusion_services@workandincome.govt.nz)

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<sup>1</sup> Formerly called Vocational Services.

## Purpose and scope

The purpose of the draft proposals for change outlined in this document is to improve the effectiveness of Employment, Participation and Inclusion services, and to align these services with the objectives of the *Enabling Good Lives* approach and the Government's welfare reforms.

The draft proposals apply to:

- Supported Employment services
- Employment Placement services
- Community Participation services
- the Very High Needs Scheme.

Business Enterprises, Transition Services, and the Support Funds are not included in the draft proposals outlined in this document. The Government has also already agreed that MSD will apply the Investment Approach to Specialist Employment Services and that eligibility for these services will be governed by the Employment and Work Readiness Assistance Programme – this is explained later in the paper.

This document is to support the discussion we will be having with you as part of the engagement process. We will also be seeking feedback from national DPOs and selected service users/families. Once the engagement process has been completed, MSD will finalise the proposals taking into account the feedback received.

Following the completion of the decision-making process, we envisage that implementation of the changes would be phased-in between late 2015 and the end of 2016.

## Why change?

The Government has agreed that the long-term direction for disability supports is to make them more person-centred, focused on ordinary life outcomes, and better integrated across government. This reflects the intent of the *Enabling Good Lives* approach, which aims to ensure that disabled people and their families have control of their lives, including having a say in the services they receive.

A three-year demonstration project is under way in Christchurch, and a second demonstration project will start in July 2015 in the Waikato, to develop and test the *Enabling Good Lives* approach. The outcomes of the demonstration projects will inform future reforms of the disability support system. In the meantime, however, we need to look at what changes we can make to Employment, Participation and Inclusion services now, in order to align them with the direction of change.

There are a number of factors that have prompted us to review Employment, Participation and Inclusion services. These include the need to align the objectives and operation of these services with:

- the *Enabling Good Lives* principles, the *United Nations Convention on the Rights of Persons with Disabilities*, the *Disability Action Plan 2014 – 2018*, and the *Human Rights Act 1993*
- the Government's broader welfare reforms, which aim to develop a welfare system that:
  - reflects that work is good for people's health and wellbeing
  - ensures that people do not remain on benefit longer than is needed
  - continues to support people who are not in work or may never be able to work.

The demand for Employment, Participation and Inclusion services must also be managed within on-going budget constraints. It is therefore important that we identify more efficient and effective ways to achieve the best possible employment and social inclusion outcomes through these services within available funding.

There are issues with the current arrangements

We've had a clear message that disabled people and people with a health condition want to work on an equal basis with others, and to fully participate and be included in their communities.

Most disabled people and people with a health condition have the same barriers to employment as other Work and Income clients and can get assistance to gain work through universal services. Some disabled people and people with a health condition need support in addition to that provided through universal Work and Income services.

MSD currently spends about \$89 million a year on specialist Employment, Participation and Inclusion services for disabled people and people with a health condition aimed at increasing their participation in employment and in their communities.

In 2013, MSD, the *Improving Existing Employment Services Working Group*<sup>2</sup> and disability sector representatives identified a range of issues with current arrangements, including:

- a lack of clarity about what outcomes the funding is intended to support people to achieve
- services are not always being accessed by the intended people, people are not always receiving the right services, and there is a lack of equity and fairness in access to services
- people are staying in services rather than being supported to build greater independence
- funding is not always being directed to where it will get the best outcomes for people

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<sup>2</sup> The *Improving Existing Employment Services Working Group* was comprised of representatives from the disability and mental health sectors, as well as officials from MSD and ACC.

- a need to improve alignment with the *Enabling Good Lives* principles, in particular the person-directed, mainstream first and ordinary life outcomes principles
- increasing demand for new places for people with high support needs, particularly from school leavers with very high support needs
- only a small funding increase for many years
- a need to better co-ordinate and resource transition from school, provide more work experience opportunities, and increase options available post-school
- a need to work with employers to make them more 'disability confident'.

In addition:

- families have said people with higher support needs do not have enough support and choices about what they do and with whom
- provider representatives have said increased funding and flexibility are needed to enable more individualised services, and they want more recognition of the pre-employment support they provide.

It will not be possible to resolve all of the above issues over the next two to three years. However, the draft proposals aim to better prioritise and target these services, in order to achieve more effective outcomes within available funding.

## There are five draft proposals for change...

1. Introduce a new Outcomes Framework to clarify the outcomes the funding supports.
2. Improve support for people to get and stay in work.
3. Improve support for people to participate and be included in employment and their communities.
4. Ensure services are accessed by the people for whom they are intended, and the available funding is used more fairly.
5. A trial of Work and Income matching people to services to ensure that people receive the assistance that is right for them.

### Draft change proposal 1: Introduce a new Outcomes Framework

A draft Outcomes Framework has been developed to clarify the outcomes for disabled people and people with a health condition that Employment, Participation and Inclusion services support. For a colour presentation of this framework please see the attached A3: *Draft Outcomes Framework for Employment, and Participation and Inclusion services*.

The three proposed high level outcomes are:

- Sustainable Employment – a person obtains and/or maintains sustainable paid employment in an open work environment with the same employment rights as other New Zealanders or sustainable self-employment (including pay or income at or above the minimum wage). Sustainable Employment would be interpreted as paid work of 15 or more hours per week that results

in a person being able to either stop receiving a benefit or receive reduced benefit payments because of the income they earn.

- On a Pathway to Sustainable Employment – a person is building work-related skills, work-readiness, and capabilities that are in demand in the labour market and is on a pathway towards a Sustainable Employment outcome. This outcome recognises that some people need to build their work-related skills and capability in incremental steps to achieve Sustainable Employment. People would have a plan to achieve Sustainable Employment within an agreed timeframe.
- Participation and Inclusion – a person is enabled to have a good everyday life, in every day places as others do at similar stages of life, by being part of, and contributing to, their communities through paid or voluntary work, self-employment or other valued roles. There would be a focus on supporting people to work to the extent they are able, or contribute to their communities in other ways. People would be supported to access universal and community-based services and activities.

It is recognised that people may move from one outcome to another, for instance from Participation and Inclusion to being On a Pathway to Sustainable Employment, or into Sustainable Employment, reflecting the individual circumstances and developments in people's lives.

#### *What we are trying to achieve with the proposed Outcomes Framework...*

The proposed Outcomes Framework is intended to achieve:

- increased clarity and transparency about the outcomes people are seeking and what MSD is funding
- a focus on people being supported to move towards, find or stay in ongoing employment that results in them being less dependent on a benefit for their income
- people having increased opportunity to do paid work or voluntary work, and contribute to their communities as part of having a good life
- more flexibility and tailoring of the approaches used to support people to move towards, find and stay in work
- more employers becoming 'disability confident'
- services changing over time in line with the *Enabling Good Lives* principles.

#### *Outcome setting and service matching*

We propose that people would be funded for support to achieve only one of the three outcomes at a time. They would, however, be able to move from outcome to outcome over time as their circumstances and aspirations change.

An outcome setting decision support tool would be developed for Work and Income and service providers to use with clients. This tool will be used to agree the outcome the person is seeking to achieve and what services MSD will fund for them.

Once the outcome has been agreed, people will be matched to services that are appropriate to their current preparedness for work and the desired outcome. Identifying the appropriate service will include consideration of all general Work and Income services available to address barriers to employment or participation.

Providers would be responsible for working with the client to identify the appropriate outcome and service/support needs. Work and Income would be responsible for reviewing and accepting outcomes and service matching for:

- all new referrals to Specialist Employment Services
- all current clients being transitioned from Participation and Inclusion support to Specialist Employment Services.

The new tools and processes would be developed by Work and Income with the sector.

Draft change proposal 2: Improve support for people to get and stay in work

MSD proposes to:

- apply the Investment Approach to the funding available for the new Specialist Employment Services
- focus funding investment, service specifications and provider contracts for Specialist Employment Services on supporting people to achieve Sustainable Employment outcomes
- improve the incentives for providers by introducing an outcome-based payment structure for Specialist Employment Services.

The Investment Approach means funding is focused on supporting people to become financially independent of a benefit, or on reducing their long-term dependence on a benefit. It allows MSD to take a more individualised approach to allocating funding, so that support can be tailored to people to help them achieve sustainable employment. Over time, MSD will direct funding to where it is more effective in supporting people to achieve Sustainable Employment outcomes.

Draft change proposal 3: Improve support for people to participate and be included in employment and their communities

People benefit from being able to do some paid work or voluntary work where possible. They also want frequent opportunities for genuine participation and inclusion in their communities according to their personal interests. Many providers are already adapting their services along these lines.

MSD proposes to change service specifications and provider contracts to:

- increase expectations that people receiving Participation and Inclusion support will have opportunities to participate in paid or voluntary work - with support where required

- align services with *Enabling Good Lives* principles, by encouraging providers to:
  - work towards their services being more person-directed
  - focus on supporting people to achieve ordinary life outcomes such as employment, and being part of and contributing to their communities
  - support people to access universal services, activities and places.

Participation and Inclusion funding will not be available for services and supports that are the responsibility of other agencies.

Draft change proposal 4: Ensure services are accessed by the people for whom they are intended, and the available funding is used more fairly

The funding for Employment, Participation and Inclusion services is limited, so we need to make sure that the services are accessed by the people for whom they are intended.

MSD is proposing to update the current eligibility criteria in line with the proposed Outcomes Framework. The current core eligibility criteria would be retained, but some new criteria would be added to target the services where the outcomes will be greatest. The new criteria are outlined below.

*Support for Sustainable Employment would be targeted*

Disabled people and people with a health condition on any working age benefit (including Supported Living Payment) may be eligible for support to get Sustainable Employment or be On a Pathway to Sustainable Employment.

To be eligible for this support, the person must meet the criteria set for employment and work readiness assistance funded through MSD under the Employment and Work Readiness Assistance (EWRA) Programme. The criteria are similar to the current eligibility criteria.

The priority for this support would be people who are seeking and likely to get part-time or full-time sustainable employment within an agreed period of time. MSD would review and accept applications for support to obtain, maintain or be On a Pathway to Sustainable Employment.

*Only people receiving Supported Living Payment or equivalent would be eligible for Participation and Inclusion support*

People who need support so they are not isolated from the wider community would be the priority for Participation and Inclusion support. Support would also be available to people who want to do some work but are not seeking or expected to be able to work 15 or more hours a week now or within the next two years.

It is proposed that only people receiving Supported Living Payment (due to a disability or a health condition) would be eligible for Participation and Inclusion funding. MSD would consider on a case-by-case basis the eligibility of any other person who (due to health condition or disability) is unable to regularly work 15 hours or more per week in open employment for two years or more.

Currently, around 18 percent of people accessing services under the Participation and Inclusion outcome are not on the Supported Living Payment



and are likely to need to transition to another service type. People no longer eligible for Participation and Inclusion support would need to transition to another service type within 6 months of the start date for new Participation and Inclusion Services.

*People would be eligible for one funded Participation and Inclusion place at a time*

To use the funding more fairly, it is proposed that people would be able to access one funded Participation and Inclusion place at a time. Currently approximately eight percent of people are registered with more than one vocational service during a financial year. This may be due to people changing service provider during the year or because they are receiving multiple services.

The new eligibility criteria would apply to all new people seeking Participation and Inclusion support or changing providers from when new services are introduced. MSD would work with providers to determine which existing participants are affected and agree a transition arrangement for them. It is expected that the transition would be completed within 6 months of the start date of new Participation and Inclusion Services.

*Very High Needs funding eligibility would be amended*

MSD proposes to amend the eligibility for the Very High Needs Scheme (VHN Scheme) to target the funding to school leavers who require a high level of support to participate and be included in the community after they leave school.

The VHN Scheme is currently automatically open to any school leaver assessed under the *Ongoing Resourcing Scheme (ORS)* as needing very high levels of support to access the curriculum. A small number of these school leavers are able to undertake further education or employment and do not require high levels of support to participate in their wider community.

It is proposed that from late 2015, new entrants to the VHN Scheme would have to be:

- assessed while at school as having very high needs under ORS; and
- assessed by MSD as requiring a very high level of support to participate in the wider community, in addition to that available through other services.

MSD would consider the people concerned on individual basis and identify whether other, less intensive supports are needed. Only a very small number of new school leavers would be affected, and no current participants would be affected.

Draft change proposal 5: A trial of Work and Income matching people to employment services to ensure that people receive the assistance that is right for them

Currently people self-refer to services, and providers determine who can access services. Establishing a referral process would assist in:

- ensuring the right people are accessing the right service
- encouraging a focus on supporting people into paid employment, where relevant
- encouraging the use of universal services first, and specialist support when needed, or a combination of supports.

Under this proposal, Work and Income would trial, in selected area(s), matching people to all three outcomes. The trial would involve new clients or clients transitioning to a new outcome. It is intended that this trial would occur from late 2015.

If the client is matched to:

- a Sustainable Employment or On a Pathway to Sustainable Employment outcome, Work and Income would refer them to appropriate general and/or Specialist Employment Services
- a Participation and Inclusion outcome, Work and Income would inform them of available providers, but the client would choose which service provider to approach.

The trial may then be rolled out for all locations in late 2016.

## Possible Implications of the proposals for change

This section considers the potential implications for people and for services of the proposals for change we are considering.

### What are the implications for people?

The proposed changes are likely to result in the following impacts for people accessing these services:

- greater focus and increased investment in people who are seeking Sustainable Employment only
- increased opportunities for people to engage in paid or voluntary work
- an increased focus on people accessing generic and community services and natural supports before specialist disability services, where appropriate
- increased choice and control for participants with emphasis on person-directed services and supports
- a new person-directed process to determine what the desired outcome is for clients and to identify the appropriate services and supports
- people would be referred to employment services (initially in one selected trial area) through Work and Income
- people would only be able to access one funded Participation and Inclusion place at a time
- new eligibility criteria for people in Participation and Inclusion with people currently in services who are not receiving Supported Living Payment being transitioned from services.

### What are the implications for services in 2015 – 2017?

Once we have final proposals and decisions, we would phase in the changes over time. Currently it is intended to start implementation in late 2015, with late 2015 to late 2016 being a period of transition from the current arrangements to the new approach.

The proposed changes would have implications for employment placement, supported employment, community participation and the Very High Needs Scheme.

Service types	Implications
Supported Employment & Employment Placement	<ul style="list-style-type: none"> <li>• One new service specification that includes services currently delivered under both supported employment and employment placement, called Specialist Employment Services</li> <li>• Focus on Sustainable Employment and On a Pathway to Sustainable Employment outcomes</li> </ul>

	<ul style="list-style-type: none"> <li>• New clients for Specialist Employment Services must be: <ul style="list-style-type: none"> <li>○ seeking Sustainable Employment or On a Pathway to Sustainable Employment</li> <li>○ reviewed and accepted for this service by Work and Income</li> </ul> </li> <li>• Current clients working fewer than 15 hours per week would be matched to an outcome using a new outcome decision support tool and transitioned to an appropriate service during a transition year</li> <li>• Time limits for how long people can be On a Pathway to Sustainable Employment</li> <li>• Transition to an outcomes-based funding model for Sustainable Employment and On a Pathway to Sustainable Employment</li> <li>• New outcome indicators, and reporting requirements and processes. Current funding arrangements would continue for a transition year then outcomes-based funding payments would be introduced</li> <li>• Specialist Employment Services would be included in Work and Income referral trial in a selected area</li> </ul>
<p>Community Participation</p>	<ul style="list-style-type: none"> <li>• Included in new Participation and Inclusion service specification</li> <li>• Expectations that: <ul style="list-style-type: none"> <li>○ people have opportunities to do some paid or voluntary work or other valued roles</li> <li>○ services align with EGL principles over time</li> </ul> </li> <li>• Current clients not receiving Supported Living Payment on health or disability grounds would have to transfer out of Participation and Inclusion services within 6 months of the start date of new Participation and Inclusion Services (MSD will consider exceptions on a case-by-case basis)</li> <li>• Current clients accessing more than one funded place must be transitioned to one funded place within 6 months of the start date of new Participation and Inclusion Services</li> <li>• New outcome measures</li> </ul>

<p>Very High Needs Scheme</p>	<ul style="list-style-type: none"> <li>• Included in new Participation and Inclusion service specification (under the new proposed Outcomes Framework) with continued funding arrangements for current clients</li> <li>• From late 2015, additional eligibility criteria for new VHN school leavers. VHN school leavers must be assessed by MSD as requiring a very high level of support to participate in the wider community, in addition to that available through other services</li> </ul>
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Further review work is underway or proposed for Transition Services, Business Enterprises, and Support Funds in 2015 - 2017

<p>Transition Services (funded by MSD)</p>	<ul style="list-style-type: none"> <li>• Update contracts, but no other changes until Ministry of Education work on building on current best practice for transition services is completed under the <i>Disability Action Plan 2014-2018</i></li> </ul>
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<p>Business Enterprises</p>	<ul style="list-style-type: none"> <li>• Update contracts but no other changes until further work below is completed</li> <li>• Further work with Business Enterprises to: <ul style="list-style-type: none"> <li>○ understand how Business Enterprises fit under the proposed Outcomes Framework</li> <li>○ implications of Minimum Wage Exemption Review (led by Ministry of Business Innovation and Employment) on Business Enterprises</li> </ul> </li> </ul>
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<p>Support Funds:</p> <ul style="list-style-type: none"> <li>• Job Support (including Productivity Allowance)</li> <li>• Training Support</li> <li>• Self Start</li> </ul>	<ul style="list-style-type: none"> <li>• Separate work is underway on: <ul style="list-style-type: none"> <li>○ where the Support Funds align with the proposed Outcomes Framework</li> <li>○ a review of employer incentives including Productivity Allowance as one of the actions under the Health and Disability Long Term Work Programme</li> </ul> </li> </ul>
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## Next Steps and Timelines

Due date/s	Actions
April 2015	Providers will be offered a five month extension to current contract arrangements from 1 July 2015 to 30 November 2015 (and equivalent pro-rata funding), so that any changes to agreements (to be confirmed following engagement) can be implemented from 1 December 2015
From June 2015	Outcomes Framework and other policy change proposals finalised and circulated to stakeholders, along with timeframes for implementation
By late 2015	Outcome and referral decision tools developed by Work and Income with the disability sector
1 December 2015	<p>New service specifications offered to existing providers (changes to be confirmed following engagement):</p> <ul style="list-style-type: none"> <li>• Participation and Inclusion agreements (including VHN) for a term from 1 December 2015 to 30 June 2017, to allow for any further changes following the EGL Demonstrations to be considered</li> <li>• Specialist Employment Services transitional arrangements offered for a 1 year term from 1 December 2015 to 30 November 2016 under current funding model</li> <li>• Business Enterprises and Transition for a term from 1 December 2015 to 30 November 2016, to allow for further work to be completed as outlined earlier and changes considered for 1 December 2016 implementation</li> </ul>
Mid-2016	MSD anticipates running a tender process for Specialist Employment Services in mid-2016 for services to be delivered from 1 December 2016
1 December 2016	Following tender process, new Specialist Employment Services implemented with successful providers, under outcome-based funding model

## Questions for providers:

- What are your thoughts about the draft outcomes for Employment, and Participation and Inclusion:
  - are these the outcomes that MSD should fund for disabled people?
  - what groups of people should be funded under each outcome?
  - how should MSD determine which outcome to fund for each person?
  - how should progress in each outcome be measured?
- Will these proposals achieve our objectives of:
  - improving employment outcomes for disabled people and people with a health condition?
  - better aligning the services and supports with the *Enabling Good Lives* vision and principles?
- What improvements would you suggest to what MSD is proposing?
- What would you do differently?
- How do we ensure we get the best value from available funding?