

**Disability  
Support Services**



Visual description: A green Disability Support Services logo sits to the left of the New Zealand Government crest in black.

# **MSD Disability Support Services Operational Policy**

## **Management of NASC and EGL Site Budgets**

**Effective from 3 July 2026**

## Purpose

- 1 This operational policy sets out how Disability Support Services (DSS), within the Ministry of Social Development (MSD), expects Needs Assessment and Service Coordination (NASC) organisations and Enabling Good Lives (EGL) sites to manage funding within their annual budgets.
- 2 This operational policy does not apply to the Forensic Coordination Service, which provides NASC services under the High and Complex Framework.

## Background

- 3 This operational policy seeks to do the following:
  - 3.1 Update NASC and EGL sites on budget management expectations.
  - 3.2 Provide guidance to NASC and EGL sites on the role of the Review Panel now that the Community Group Home (CGH) Pricing Model and new assessment, allocation and flexible funding arrangements have been implemented.
  - 3.3 Identify priority groups for residential care entry.
  - 3.4 Provide guidance on inter-NASC residential, and some community, transfers.
  - 3.5 Specify which decisions by NASCs and EGL sites need to be endorsed by the Review Panel before they can be implemented.
- 4 This operational policy reflects the changes in requirements arising from implementation of the CGH Pricing Model on 1 December 2025 and supports the assessment, allocation and flexible funding arrangements implemented on 1 April 2026.

## Section 1: Annual budgets

- 5 Each NASC and EGL site<sup>1</sup> is allocated an annual budget for each financial year. NASCs and EGL sites are expected to manage the allocation of disability supports and services expenditure so that it does not exceed their annual budget.
- 6 Annual budgets do not include a separate component for residential care. NASCs and EGL sites will be expected to manage expenditure on both residential and community support, and the balance between them, within their overall annual budget.

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<sup>1</sup> Funding for EGL Christchurch comes from within the LifeLinks NASC budget.

## **General considerations in managing budgets**

- 7 Annual budgets mean that NASCs and EGL sites need to prioritise supports to those with the highest needs to remain within budget. When prioritising support, it is expected that NASCs and EGL sites will:
  - 7.1 treat the different communities they support fairly and consistently;
  - 7.2 continue to allocate support to people that is proportionate to their disability-related needs;
  - 7.3 take account of the EGL vision and principles in making funding allocation decisions; and
  - 7.4 prioritise the funding available for allocation across people who are already receiving support, people who are newly seeking support, people from other regions, and any people who are on waiting lists.
- 8 When considering the allocation of supports, NASCs and EGL sites:
  - 8.1 must be able to demonstrate that:
    - i the person remains eligible for DSS funded support prior to allocating supports or services;
    - ii support is proportionate to the person's disability-related challenges; and
    - iii the rationale for changes to support levels (whether increasing or decreasing) are clearly documented.
  - 8.2 should ensure that:
    - i the priority criteria for residential entries described in Section 2, have been appropriately applied; and
    - ii they can meet the Affordability Criterion set out in paragraphs 29 and 30.
- 9 Prior to progressing an entry to residential care, NASCs and EGL sites must consider the following factors:
  - 9.1 Whether they have thoroughly explored alternative support options to ensure residential care is the most appropriate option.
  - 9.2 What is necessary to mitigate any safety risks to the person.
  - 9.3 What is necessary to mitigate any safety risks to whānau, staff or other people supporting the person, and other residents and visitors to the residence.

- 9.4 The costs and benefits of alternative support options for meeting the person's needs and the necessity of working within their annual budget.

### **Budget monitoring**

- 10 The Ministry has established a NASC Budget Performance Management Framework (BPMF) to monitor the budget performance of NASCs. The BPMF is a key tool to ensure the NASC spend remains within the annual budget supplied by MSD.
- 11 The BPMF provides a consistent approach to evaluating each NASC's performance against their annual budget using quantitative and qualitative measures. The BPMF ensures there are clear expectations of how NASC budget performance will be measured by DSS.
- 12 NASCs are required to report to DSS monthly on their budgetary and forecasting position and provide commentary to support this. The commentary should reference any impact on NASCs of embedding changes to assessment, allocation and flexible funding.
- 13 DSS will monitor NASC budget management performance through the BPMF informed, in part, by NASC monthly financial reporting. While there will no longer be a specific residential care budget component, NASCs will continue to be required to report on residential care spend and community spend as part of monthly financial reporting.
- 14 DSS will provide monthly expenditure reporting and allocation/spend trends to NASCs and EGL sites<sup>2</sup> to support their activity relating to forecasting and management of annual budgets.

### **Application of the assessment and allocation policy and pricing model**

- 15 NASCs and EGL sites are required to apply the following approaches to assessment, allocation and pricing:
- 15.1 For residential care in community group homes, the MSD DSS [Administration of the Community Group Home Pricing Model Operational Policy](#), which mandates the use of the Band Allocation Tool (BAT) and CGH Pricing Model.
- 15.2 For Choice in Community Living (CICL), the Individual Client Allocation of Resource (ICARe) tool and the CICL Pricing Model.

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<sup>2</sup> Expenditure reporting for EGL Christchurch is included with LifeLinks expenditure, as funding comes from within the LifeLinks NASC budget.

15.3 For residential care in aged care facilities (including hospital-level care), the Outcomes Based Indicative Range (OBIR) tool and contracted rates.

15.4 For community support allocations, the MSD DSS [Assessment and Allocation of Disability Support Funding Operational Policy](#), which mandates the use of the OBIR tool as part of the process.

## **Section 2: Prioritisation for residential entries**

- 16 NASCs and EGL sites are required to prioritise residential care entries to people with the highest need. In considering prioritisation, DSS expects that regard is given to factors such as the health, safety, and wellbeing of the disabled person, their family, and carers.
- 17 The first priority for entries to residential care are where the person is eligible and:
- 17.1 is subject to a court order requiring care under the High and Complex Framework (forensic);
  - 17.2 is subject to an order under the Oranga Tamariki Act 1989;
  - 17.3 is exiting inpatient mental health care (including secure care), and there is no other appropriate option for the person to be discharged to;
  - 17.4 is exiting hospital care for physical health treatment, and there is no other appropriate option for the person to be discharged to;
  - 17.5 has escalating needs from, for example, a progressive condition, with a medical or nursing component that can only be met through hospital-level care (usually in aged care);
  - 17.6 the disabled person's support network has become unavailable due to a change in their own circumstances (including, but not limited to their own health, housing, or other care responsibilities); or
  - 17.7 is leaving:
    - i forensic intellectual disability care and going into residential care; or
    - ii Oranga Tamariki care and requires residential care.
- 18 Please note that these priority groups differ from situations where applications to the Review Panel can be considered under urgency. Refer to the MSD DSS *Review Panel Terms of Reference* for guidance relating to what applications will be considered by the Review Panel under urgency.

- 19 Where a NASC or an EGL site has met the priorities for residential entry, it can consider other residential placements if it considers it has sufficient funding available to pay for the residential entries within its annual budget. DSS expects that the NASC or EGL site will continue to prioritise those with the highest need and have consideration for health and safety.
- 20 DSS expects that the following situations will best be met through shorter term transitional arrangements:
  - 20.1 The disabled person is losing or has lost their existing housing situation.
  - 20.2 The disabled person has moved to the region, has not been in residential care, and has struggled to find an appropriate living situation.
  - 20.3 The disabled person has been released from prison and is not able to secure transitional housing.
- 21 It should not be assumed that the above non-priority situations should be responded to through an ongoing residential care placement.

### **Inter-NASC transfers**

- 22 NASCs and EGL sites are required to have protocols and procedures to facilitate continuity of service for people moving into, and out of, their region. This includes the transferring NASC and the receiving NASC agreeing to a transition plan for the disabled person.
- 23 Where a support package meets the threshold for referral to the Review Panel, the transferring NASC will continue to fund support for transferring the disabled person for the remainder of the financial year.
- 24 If the receiving NASC or EGL site carries out a reassessment, leading to a reduction in allocation of support, the amount the transferring NASC or EGL site is expected to fund would be correspondingly reduced.

## **Section 3: Review Panel**

- 25 The Review Panel will continue to provide an assurance function for at least the next 12 months while the disability support system is strengthened, and the CGH Pricing Model and changes to assessment, allocation and flexible funding arrangements are fully embedded. When making an application to the Review Panel, NASC and EGL sites will need to ensure it meets the MSD DSS *Review Panel Terms of Reference*.
- 26 The purpose of the Review Panel is to provide assurance to DSS that certain NASC and EGL site support package decisions are in accordance with Cabinet's decisions and relevant policy and service specifications. While NASCs and EGL sites have discretion about how they manage

expenditure within their annual budgets, certain decisions about high-cost support packages will require endorsement from the Review Panel prior to implementation.

- 27 From 3 July 2026, NASCs and EGL sites are required to seek consideration by the Review Panel of support packages for residential care, EGL Personal Budgets, or community support in the following situations:

27.1 For residential care in community group homes:

- i when an allocation is Band 3 or above in the CGH Pricing Model for the first time;
- ii when an allocation moves from Band 3 or above to a higher band or to an above-band exceptional rate;
- iii when a dual funded rate has a DSS contribution that is above the bottom of Band 3 for the first time;
- iv when the DSS contribution to a dual funded rate is above the bottom of Band 3 and increases to a higher band or an above-band exceptional rate.

27.2 For other situations, when:

- i a person's support package exceeds \$150,000 for the first time;
- ii a person's support package already exceeds \$150,000 and increases.

- 28 The thresholds in paragraph 27 apply even if any change in allocation is due to the first-time application of DSS's recently released allocation and pricing models<sup>3</sup>, rather than or alongside a change in support needs.

- 29 NASCs and EGL sites can only request consideration of a decision by the Review Panel if they meet the Affordability Criterion, where the NASC or EGL site provides assurance that they have sufficient funding available within their annual budget, or the criteria for making an exception to this criterion are met (see below).

- 30 A NASC or an EGL site can make an exception to the Affordability Criterion when all the following criteria are met:

30.1 There is a reasonably foreseeable and imminent risk of serious harm that cannot be addressed through lower cost support options.

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<sup>3</sup> MSD DSS [Administration of the Community Group Home Pricing Model Operational Policy](#); and MSD DSS [Assessment and Allocation of Disability Support Funding Operational Policy](#).

30.2 The initial assessment of the NASC or EGL site is that they are unable to provide immediate assurance that they can afford the proposed support package within their current annual budget.

30.3 The NASC or EGL site provides assurance to the Review Panel that they are taking, or will take, reasonable and practicable steps to return to being within their annual budget by year-end.

### **Further detail on the application of the thresholds**

31 The following funding should be excluded from a person's support package when NASCs and EGL sites are deciding whether the thresholds for referring support packages have been met:

31.1 Expenditure that is not funded through the DSS appropriation<sup>4</sup> such as support funded by Health New Zealand or client contributions to the cost of residential care.

31.2 One-off expenditure (such as for Early Investment or Immediate Resourcing within EGL sites) that is for less than 12 months.

31.3 Community Participation and Very High Needs funding for people within EGL sites that has been transferred from Vote Social Development to Vote DSS.

31.4 Specialist Behaviour Support.

32 Where a NASC or EGL site does not know the value of client contributions to the cost of residential care, they should apply these standard exclusions:

32.1 Physical or sensory disability: \$15,000.

32.2 Intellectual disability: \$17,000.

33 When the Review Panel is considering a support package that includes funding that is excluded from the calculation of thresholds, it may need to consider whether the support package as a whole, including the funding from other sources, appropriately responds to all of the disability-related needs identified.

34 Price increases in the following situations do not need to be referred to the Review Panel:

34.1 Price increases of less than \$5,000 a year to the DSS contribution to support packages that are managed by Health New Zealand.

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<sup>4</sup> DSS funding is contained within the Vote Disability Support Services: Disability Support Services Multi-Category Appropriation.

34.2 Price increases that result from decisions made by DSS generally (e.g. general price increases implemented by DSS) rather than by a NASC or an EGL site.

35 Support packages allocated by either a NASC or an EGL site do not need to be referred to the Review Panel if they remain the same or decrease.

36 Residential support packages do not need to be referred to the Review Panel if the level of support has increased, but the price remains within the same band under the CGH pricing tool.

### **Information from providers**

37 In rare cases, a provider may decline to accept a referral because they do not accept a NASC or an EGL site's decision on the amount that will be paid for the package of support (e.g. a banded or exceptional rate for CGH or the price of other support packages). In these cases, the NASC or EGL site may include information with their application that explains the basis for the provider's point of view. The NASC or EGL site must confirm the provider's point of view with the provider before submitting the application.

38 The Review Panel will consider the information on the provider's point of view, reaching a view on whether to endorse, or not endorse, the decision of the NASC or EGL site.

39 For the avoidance of doubt, the Review Panel cannot recommend that a NASC or an EGL site adopt another decision or seek to resolve the differences between the NASC or EGL site and a provider. The Review Panel can, however, invite the NASC or EGL site to reconsider their decision.