

Operational Policy and Guidelines

2025/26 Financial Year

Management of NASC and EGL site budgets

Version 1.0, 1 July 2025

Purpose

- 1 These Operational Policy and Guidelines 2025/26 (Operational Policy) set out how Disability Support Services (DSS), Ministry of Social Development (the Ministry) will manage funding in the 2025/26 Financial Year and provides guidance to Needs Assessment and Service Coordination (NASC) organisations and Enabling Good Lives (EGL) sites on managing within Annual Budgets.
- 2 Please note that this Operational Policy does not apply to the Forensic Coordination Service which provides NASC services under the High and Complex Framework.

Background

- 3 Disability Support Services (DSS), Ministry of Social Development (the Ministry) are continuing the programme of work to implement the recommendations of the 2024 Independent Review of Disability Support Services¹ (the Review) to better manage cost pressures and strengthen and stabilise the disability support system. This Operational Policy for NASCs and EGL sites forms part of that programme of work.
- 4 The Operational Policy seeks to do the following:
 - a Update NASC and EGL sites on budget management expectations.
 - b Provide guidance to NASC and EGL sites on the planned implementation of the Community Group Home pricing model.
 - c Identify Priority groups for residential care entry. Provide guidance on Inter NASC residential transfers for the 2025/26 Financial year.
 - d Specify which decisions by NASCs and EGL sites need to be endorsed by the Review Panel before they can be implemented.
- 5 As changes across the system are implemented these Operational Policy and Guidelines will be updated, with a comprehensive review prior to 1 December 2025, to reflect the implementation of the Community Group Home pricing model.

¹ [05_AUGUST-CABINET-Paper-Appendix-1-Independent-DSS-Review-redactions-applied-FINAL.pdf](#)

Section 1: 2025/26 Financial Year Budgets

- 6 Each NASC and EGL site² has been allocated an Annual Budget for the 2025/2026 financial year (25/26 FY). NASCs and EGL sites are expected to manage the allocation of disability supports and services expenditure so that it does not exceed the Annual Budget they are allocated.
- 7 Annual Budgets will be allocated in two parts:
 - a A 'Baseline Budget,' which is expected to cover all expenditure by NASCs and EGL sites,³ apart from the additional costs arising from implementing the Community Group Home Pricing Model from 1 December 2025.
 - b A 'Community Group Home Pricing Model Budget Adjustment,' will be available from 1 December 2025 to acknowledge the estimated additional costs of implementing the CGH Pricing Model from 1 December 2025.
- 8 The 2025/26 Annual Budgets will not include a separate component for residential care. NASCs and EGL sites will be expected to manage the balance between residential and community support expenditure within their overall Annual Budget.

Budget Monitoring

- 9 The Ministry has established a NASC Budget Performance Monitoring 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 the Ministry.
- 10 The BPMF provides a consistent approach to evaluating each NASC's performance against their budget using quantitative and qualitative measures. The BPMF ensures there are clear expectations of how NASC budget performance will be measured by DSS.
- 11 NASCs are required to report to the Ministry, on a monthly basis, their budgetary and forecasting position and provide commentary to support this. DSS will monitor NASC budget management performance through the BPMF, informed, in part, by NASC monthly budget reporting.
- 12 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 budget reporting.
- 13 DSS will provide expenditure reporting and allocation/spend trends to NASCs and EGL sites⁴ monthly to support their activity relating to forecasting and management of Annual Budgets.

² Funding for EGL Christchurch comes from within the LifeLinks NASC budget.

³ NASCs and EGL sites manage funding for supports paid via CCPS. Some supports funded nationally and are not reflected against NASC and EGL site budgets. To support the sustainability of the disability system, NASCs and EGL sites are expected to manage all allocations carefully regardless of where they are funded. [Fact sheet: NASC fiscal envelope and EGL site budget methodology | Disability Support Services](#)

⁴ Expenditure reporting for EGL Christchurch is included with Lifelinks expenditure, as funding comes from within Lifelinks NASC budget.

Transition to the new Community Group Home (CGH) Pricing Model

- 14 The review of the contract and pricing models for community residential care is now complete, and DSS is implementing a new CGH Pricing Model. As a result:
 - a The prices paid to providers who are on the new Community Residential Services Panel will be translated by DSS to the rates payable under the new CGH pricing model on 1 December 2025.
 - b NASCs and EGL sites will begin using the new CGH Pricing Model for decisions relating to community residential care in CGH that are made from 1 December 2025.
- 15 Community Residential Service providers may be eligible for advance payments or transitional support funding. These payments will be made by DSS outside of NASC and EGL site budgets.

General considerations in managing budgets

- 16 When considering the allocation of new supports and review of existing supports, NASCs and EGL sites should ensure that:
 - a eligibility criteria have been applied prior to allocating supports or services;
 - b prioritisation based on disability support related need, and the priority criteria for residential entries described below, have been appropriately applied;
 - c support is proportionate to the DSS eligible disability-related need; and
 - d they have affordability within the Annual Budget.
- 17 NASCs and EGL sites must consider the following factors prior to progressing an entry to residential care:
 - a have they thoroughly explored alternative support options;
 - b what is necessary to mitigate any safety risks to the person;
 - c what is necessary to mitigate any safety risks to staff or other people supporting the person; and
 - d the costs and benefits of alternative support options for meeting the person's needs and the necessity of working within their Annual Budget.
- 18 If a NASC or EGL site is forecasted to exceed their Annual Budget, they may consider bringing forward annual reviews to review and consider whether the person's needs are still adequately being met by allocations. Where an early review occurs, affected disabled people and family/whānau should be provided at least a month's notice prior to the review occurring.

Section 2: Prioritisation for Residential entries

- 19 While the 2025/26 Annual Budgets will not include a specific residential component, NASCs and EGL sites will still be required to manage entries to residential care within their overall budget fairly and consistently, and to prioritise those with the highest need.
- 20 In considering prioritisation, DSS expects that regard is given for factors such as the health, safety, and wellbeing of the disabled person, their family, and carers.
- 21 The first priority for entries to residential care are where the person is eligible and:
 - a is subject to a court order requiring care under the High and Complex framework (forensic);
 - b is subject to an order under the Oranga Tamariki Act 2019;
 - c is exiting inpatient Mental Health care (including secure care), and there is no other appropriate option for the person to be discharged to;
 - d is exiting hospital care for physical health treatment, and there is no other appropriate option for the person to be discharged to; or
 - e 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).
- 22 DSS continues to expect the prioritisation of transfers for people leaving:
 - a residential care to go into intellectual disability forensic care;
 - b forensic intellectual disability care and going into residential care; and
 - c Oranga Tamariki care who require residential care.
- 23 Outside of these first priorities, consideration may be given to other entries that might urgently be sought. For example, where:
 - a family members are no longer available to support the disabled person due to a change in their own circumstances (including, but not limited to their own health, housing, and other care responsibilities);
 - b the disabled person is losing or has lost their existing housing situation;
 - c the disabled person has moved to the region, has not been in residential care, and has struggled to find an appropriate living situation; and/or
 - d the disabled person has been released from prison and is not able to secure transitional housing etc.
- 24 In general, DSS expect that these situations will best be met through shorter term transitional arrangements. There should be no expectation that these situations can be responded to through an ongoing residential care placement.

- 25 Where a planned entry to residential care is being considered, these entries can only be prioritised where they are affordable within the NASC or EGL site Annual Budget, and where they do not compromise the entry of a person that meets a priority group.
- 26 Where a NASC or EGL site has met these higher priorities for residential entry and considers it has sufficient funding available within its Annual Budget, it can consider other residential entries. DSS expects that they continue to prioritise those in the highest need and have consideration for health and safety.
- 27 We expect providers and NASCs to continue to apply the principles of Enabling Good Lives (EGL) and that disabled people have choice and control on where, with whom, and how they live.

Inter-NASC Transfers

- 28 NASCs and Mana Whaikaha are responsible for providing services and support to eligible disabled people within their specified geographic area. EGL Christchurch and EGL Waikato are responsible for providing support to eligible disabled people within their specified geographic area who meet their additional criteria.
- 29 NASCs and EGL sites are expected to manage the provision of services and support for people already receiving services and those newly seeking support, within their Annual budget. This includes eligible disabled people who transfer from other regions.
- 30 NASCs and EGL sites continue to be required to have protocols and procedures to facilitate continuity of service for people moving into, and out of, their region. Where this applies to residential care, a transferring NASC will continue to fund residential care for the transferring disabled person for the remainder of the financial year, after which DSS will adjust budgets to reflect the cost of the Inter-NASC Residential transfer.
- 31 The transferring NASC and the receiving NASC should agree to a transition plan for the disabled person.

Section 3: Review Panel

- 32 The Review Panel will continue to provide an assurance function for at least the next 12 to 18 months while the disability support system is stabilised and strengthened, and assurance processes are built into the system.
- 33 While NASCs and EGL sites will have discretion about how they manage expenditure within their Annual Budgets, certain decisions about high-cost packages will continue to require endorsement from the Review Panel prior to implementation.
- 34 From 1 July 2025, NASCs and EGL sites are required to seek consideration by the Review Panel in the following situations:
 - a A persons' residential care, EGL Personal Budget, or community support package exceeds \$105,000 for the first time.

- b A person's residential care, EGL Personal Budget, or community support package already exceeds \$105,000 and increases.
- 35 NASCs and EGL sites can only request consideration of a decision by the Review Panel if they can provide assurance that they have sufficient funding available within their Annual Budget, or that all of the exceptional circumstances criteria (below) have been met.
- 36 A NASC or an EGL site can make an exception to the residential affordability criterion in the following circumstances:
 - a there is a reasonably foreseeable and imminent risk of serious harm that cannot be addressed through non-residential support options;
 - b the initial assessment of the NASC or EGL site is that they are unable to provide immediate assurance that they can afford the residential entry within their current annual budget; and
 - c the NASC or EGL site provides assurance to the Panel that they are or will take reasonable and practicable steps to return to being within their Annual Budget by year-end.
- 37 Updated Review Panel Terms of Reference will apply from 1 July 2025. Those updated Terms of Reference include further detail on the Review Panel process.

Further detail on the application of the thresholds

- 38 Decisions on whether the thresholds for referring funding packages to the Review Panel should exclude the following:
 - a Expenditure that is not funded through the DSS appropriation⁵.
 - b One-off expenditure (such as for Early Investment or Immediate Resourcing within EGL sites) that is for less than 12 months.
 - c Community participation and Very High Needs funding for people within EGL sites that has been transferred to the DSS appropriation.
 - d Specialist Behaviour Support.
- 39 When the Review Panel is considering a package that includes funding that is excluded from the calculation of thresholds, it may need to consider whether the package, as a whole, including the funding from other sources, appropriately responds to all of the disability-related needs identified.
- 40 Price increases in the following situations do not need to be referred to the Panel:
 - a Price increases of less than \$5,000 a year to the DSS contribution to support packages that are managed by Health NZ.
 - b Price increases for residential care that result solely from implementation of the CGH Pricing Model from 1 December 2025.

⁵ DSS funding is currently contained within the Supporting Tāngata Whaikaha Māori and Disabled People Multi-Category Appropriation, although this may change in the future.

- 41 Residential and community packages allocated by either NASCs or EGL sites do not need to be referred to the Review Panel if they remain the same or decrease (unless they meet one of the other criteria for being considered by the Panel).