

# **Operational Policy and Guidelines**

## **2025/26 Financial Year**

### **Management of NASC and EGL site budgets**

**Version 2, 1 December 2025**

#### **Purpose**

- 1 These Operational Policy and Guidelines 2025/26: Management of NASC and EGL site budgets (Operational Policy) set out how Disability Support Services (DSS), Ministry of Social Development (MSD) 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 This Operational Policy does not apply to the Forensic Coordination Service which provides NASC services under the High and Complex Framework.

#### **Background**

- 3 DSS is continuing the programme of work to implement the recommendations of the 2024 Independent Review of Disability Support Services<sup>1</sup> (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 This Operational Policy seeks to do the following:
  - 4.1 Update NASC and EGL sites on budget management expectations.
  - 4.2 Provide guidance to NASC and EGL sites on the role of the Review Panel now that the Community Group Home (CGH) Pricing Model has been implemented.
  - 4.3 Identify priority groups for residential care entry.
  - 4.4 Provide guidance on Inter-NASC residential, and some community, transfers for the 2025/26 Financial year.
  - 4.5 Specify which decisions by NASCs and EGL sites need to be endorsed by the Review Panel before they can be implemented.

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

- 5 This Operational Policy has been updated to reflect the requirements arising from implementation of the CGH Pricing Model on 1 December 2025, as well as addressing some previous identified operational issues. Subsequent updates may be required to support the changes to assessment and allocation processes, and the flexible purchasing guidelines.

## **Section 1: 2025/26 Financial Year Budgets**

- 6 Each NASC and EGL site<sup>2</sup> has been allocated an Annual Budget for the 2025/2026 financial year (2025/26 Annual Budgets). 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 These 2025/26 Annual Budgets have been allocated in two parts:
- 7.1 A 'Baseline Budget' was allocated on 1 July 2025, which was expected to cover all expenditure by NASCs and EGL sites<sup>3</sup> apart from the additional costs arising from implementing the CGH Pricing Model.
  - 7.2 An adjustment was made on 1 December 2025 to cover the additional costs that will be allocated to NASC and EGL sites as a result of implementing the CGH Pricing Model.<sup>4</sup>
- 8 The 2025/26 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.

### **General considerations in managing budgets**

- 9 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:
- 9.1 treat the different communities they support fairly and consistently;
  - 9.2 continue to allocate support to people that is proportionate to the disability-related challenges they experience;
  - 9.3 take account of the EGL vision and principles in making funding allocation decisions;
  - 9.4 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.

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<sup>2</sup> Funding for EGL Christchurch comes from within the LifeLinks NASC budget.

<sup>3</sup> NASCs and EGL sites manage funding for supports paid via CCPS. Some supports are 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.

<sup>4</sup> The main costs that will be allocated to NASCs and EGL sites are the costs of sleepovers and pay equity which, until now, have been paid centrally by DSS. On average, providers will receive higher prices.

- 10 When considering the allocation of supports, NASCs and EGL sites:
- 10.1 must be able to demonstrate that:
- i eligibility criteria have been applied prior to allocating supports or services;
  - ii support is proportionate to the disability-related challenges that a disabled person experiences; and
  - iii the rationale for changes to support levels (whether increasing or decreasing) are clearly documented; and
- 10.2 should ensure that:
- i the priority criteria for residential entries described in Section 2 below, have been appropriately applied; and
  - ii they can meet the Affordability Criterion that is set out in paragraphs 34 and 35 below.
- 11 Prior to progressing an entry to residential care, NASCs and EGL sites must consider the following factors:
- 11.1 have they thoroughly explored alternative support options to ensure residential care is the most appropriate option;
- 11.2 what is necessary to mitigate any safety risks to the person;
- 11.3 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; and
- 11.4 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**

- 12 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.
- 13 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.
- 14 NASCs are required to report to DSS, 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 financial reporting.
- 15 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.

- 16 DSS will provide expenditure reporting and allocation/spend trends to NASCs and EGL sites<sup>5</sup> monthly to support their activity relating to forecasting and management of Annual Budgets.

## **Implementation of the Community Group Home (CGH) Pricing Model**

- 17 From 1 December 2025, residential prices for people living in CGH will be determined through the CGH Pricing Model. DSS' Operational Policy and Procedures for the CGH Pricing Model can be found here [DSS operational policy | Disability Support Services](#).
- 18 DSS translated the prices for people living in CGH on 30 November 2025 from existing prices to the new rates that are payable under the CGH Pricing Model.
- 19 After 1 December, following standard needs assessment and re-assessment processes, NASCs and EGL sites will use the CGH Pricing Model to determine prices for people living in CGHs.
- 20 The first payments to providers under the CGH Pricing Model will be made on 20 January 2026.

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

- 21 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 for factors such as the health, safety, and wellbeing of the disabled person, their family, and carers.
- 22 The first priority for entries to residential care are where the person is eligible and:
- 22.1 is subject to a court order requiring care under the High and Complex Framework (forensic);
  - 22.2 is subject to an order under the Oranga Tamariki Act 1989;
  - 22.3 is exiting inpatient Mental Health care (including secure care), and there is no other appropriate option for the person to be discharged to;
  - 22.4 is exiting hospital care for physical health treatment, and there is no other appropriate option for the person to be discharged to;
  - 22.5 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);
  - 22.6 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

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<sup>5</sup> Expenditure reporting for EGL Christchurch is included with LifeLinks expenditure, as funding comes from within LifeLinks NASC budget.

22.7 is leaving:

- i forensic intellectual disability care and going into residential care; or
- ii Oranga Tamariki care and requires residential care.

23 Please note that these priority groups differ from situations where applications to the Review Panel can be considered under urgency. Refer to the Review Panel Terms of Reference ([Review Panel Terms of Reference](#)) | [Disability Support Services](#)) for guidance relating to what referrals will be considered by the Review Panel under urgency.

24 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.

25 DSS expects that the following situations will best be met through shorter term transitional arrangements:

25.1 the disabled person is losing or has lost their existing housing situation;

25.2 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

25.3 the disabled person has been released from prison and is not able to secure transitional housing.

26 It should not be assumed that the above non-priority situations should be responded to through an ongoing residential care placement.

## **Inter-NASC Transfers**

27 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.

28 Where a support package meets the threshold for referral to the Review Panel, the transferring NASC will continue to fund support for the transferring disabled person for the remainder of the financial year.

29 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.

30 At the end of the financial year, DSS will adjust budgets to reflect the allocated cost of the Inter-NASC transfer.

## Section 3: Review Panel

- 31 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 assurance processes are built in, and the CGH Pricing Model is fully embedded. When making an application to the Review Panel, NASC and EGL sites will need to ensure it meets the Review Panel Terms of Reference ([Review Panel | Disability Support Services](#)).
- 32 The purpose of the Review Panel is to provide assurance to DSS that certain NASC and EGL site 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.
- 33 From 1 December 2025, 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:
- 33.1 A person's support package exceeds \$112,000 for the first time.
- 33.2 A person's support package already exceeds \$112,000 and increases.
- 34 NASCs and EGL sites can only request consideration of a decision by the Review Panel if they meet the Affordability Criterion, which is providing assurance that they have sufficient funding available within their Annual Budget, or the criteria for making an exception to this criterion set out in the following paragraph are met.
- 35 A NASC or an EGL site can make an exception to this Affordability Criterion when all the following criteria are met:
- 35.1 there is a reasonably foreseeable and imminent risk of serious harm that cannot be addressed through lower cost support options;
- 35.2 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; and
- 35.3 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.

### Further detail on the application of the thresholds

- 36 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:

- 36.1 Expenditure that is not funded through the DSS appropriation<sup>6</sup> such as support funded by Health NZ or client contributions to the cost of residential care.
- 36.2 One-off expenditure (such as for Early Investment or Immediate Resourcing within EGL sites) that is for less than 12 months.
- 36.3 Community participation and Very High Needs funding for people within EGL sites that has been transferred from Vote Social Development to Vote DSS.
- 36.4 Specialist Behaviour Support.
- 37 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:
  - 37.1 Physical or sensory disability: \$15,000.
  - 37.2 Intellectual disability: \$17,000.
- 38 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.
- 39 Price increases in the following situations do not need to be referred to the Review Panel:
  - 39.1 Price increases of less than \$5,000 a year to the DSS contribution to support packages that are managed by Health NZ.
  - 39.2 Price increases for residential care that result solely from implementation of the CGH Pricing Model from 1 December 2025.
  - 39.3 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.
- 40 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.
- 41 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.

## **Application to the Community Group Home Pricing Model**

- 42 The Review Panel will consider residential support packages in which prices are developed using the CGH Pricing Model in the same way as it does other support packages. The CGH Pricing Model decisions that are likely to meet the criteria for consideration by the Review Panel include the following:

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<sup>6</sup> DSS funding is contained within the Vote Disability Support Services: Disability Support Services Multi-Category Appropriation.

- 42.1 new residential support packages from Band Two upwards, including above-band Exceptional Rates;
  - 42.2 residential support packages that move up to a higher band or to an above-band Exceptional Rate;
  - 42.3 residential support packages that are based on above-band Exceptional Rates that increase.
- 43 As with all other support packages, NASCs and EGL sites will be expected to provide justification for the adoption of an Exceptional Rate within the CGH pricing model.

### **Information from providers**

- 44 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 providers point of view. The NASC or EGL site must confirm the providers point of view with the provider before submitting the application.
- 45 The Review Panel will consider the information on the providers point of view reaching a view on whether to endorse, or not endorse, the decision of the NASC or EGL site.
- 46 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.