

Factsheet – Independent Review of Disability Support Services

Findings

1. Delivery of Disability Support Services is inconsistent
2. The Disability Support Services 2024/25 appropriation will be breached if spending is not controlled
3. There is inadequate budgetary control and commercial rigour
4. The two areas of largest cost growth are flexible funding provisions and residential facilities-based care
5. The Ministry of Disabled People – Whaikaha is not set up in a manner that enables it to manage effectively the nature and scale of its appropriation
6. Current policy settings and service design do not allow the Ministry to administer and deliver DSS effectively

Recommendation	Implementation
<ol style="list-style-type: none"> 1. Reinstate the following: <ul style="list-style-type: none"> • Indicative budgets for Needs Assessment and Service Coordination organisations (NASCs) • Fixed budgets for Equipment and Modification (EMS) providers and Enabling Good Lives (EGL) demonstration sites • Monitoring and reporting requirements for all the above 	<p>Starts immediately following engagement with providers</p>
<ol style="list-style-type: none"> 2. Freeze current levels of funding for residential facility-based care for 2024/25 pending commissioning and completion of a detailed and urgent review of the contract and pricing models 	<p>Implemented immediately</p>
<ol style="list-style-type: none"> 3. Take no action on a price increase for providers in 2024/25 	<p>Implemented immediately</p>

<p>4. Establish an effective function within the Ministry to monitor the assessment and allocation performance of NASCs and EGL demonstration sites</p>	<p>The taskforce within MSD will implement this recommendation, with decisions taken in late 2024</p>
<p>5. Update the assessment and allocation settings for individuals based on level of need</p>	<p>Public consultation will occur before decisions are made in late 2024</p>
<p>6. Establish criteria for access to flexible funding and review the flexible funding guidelines to improve clarity and consistency</p>	<p>Public consultation will occur before decisions are made in late 2024</p>
<p>7. Strengthen:</p> <ul style="list-style-type: none"> • The departmental agency arrangement with the Ministry of Social Development • The shared services agreements with the Ministry of Social Development, Ministry of Health, and Health New Zealand 	<p>The taskforce within MSD will implement this recommendation</p>

Do disability support services just need more money?

The Government provided a record \$1.1 billion funding boost for disability support services over five years in Budget 2024, taking the total amount available to fund these services for disabled New Zealanders to \$2.6b in 2024/25.

The independent review identified improving financial controls and better management of cost pressures as the highest priorities for early attention.

What savings, if any, will result from implementing these recommendations?

There are no savings. The spending controls recommend by the review increase the likelihood that the disability support services Budget appropriation will not be overspent in 2024/25.

The review identified that the appropriation would be breached if spending was not urgently controlled. The advice underpinning this assumption is commercially sensitive.

Were disabled people consulted as part of the review?

The Minister for Disability Issues conducted targeted engagement to seek feedback from disabled people, their families and carers about their experiences accessing and using support services while the review was being undertaken.

The independent panel was also free to consult with whoever they wished.

Will disabled people be consulted on the recommendations?

The Government will undertake a period of consultation with the disability community before making any decisions regarding recommendations 5 and 6, which would establish criteria for access to flexible funding, improve its guidelines, and update the assessment and allocation settings for individuals based on level of need.

Other recommendations have been acted on immediately after the review identified an urgent need to address these problems.

Why have you put MSD in charge of delivering disability support services?

Managing disability support services is a complex task better suited to a well-established government department with the capability and expertise to oversee contracts with service providers, manage large budgets and monitor outcomes.

MSD currently administers income and employment support for disabled people.

The independent review found that, as a small departmental agency starting from scratch in July 2022, the Ministry of Disabled People – Whaikaha never had the capabilities to lead the delivery of over \$2b worth of services, largely due to its rushed establishment under the previous government.

Will the March 2024 changes to flexible funding purchasing rules be reversed?

No, the independent review did not recommend this action.

There will instead be a period of consultation about flexible funding settings before the taskforce makes any recommendations to the Government about potential changes. Final decisions on this will be made in late 2024.

Why is the rollout of Enabling Good Lives being paused?

The Government remains committed to the vision and principles of Enabling Good Lives (EGL). However, the independent review found access to disability support services is currently a postcode lottery, rather than being based on level of need.

The review noted that the continuing coexistence of the NASC-based system of needs assessment, allocation, and service provision, alongside three longstanding EGL trials was 'confusing and muddled' and had led to inequities in the services and support being provided. It suggested that a revised approach was needed.

The funding set aside for the EGL rollout remains available for disability support services. Exactly which services it will fund will be determined as part of the work to better align funding with an individual's level of need.

Why did the review recommend freezing residential care funding?

Almost \$1b is now spent on residential care facilities each year, a significant increase from \$700m in 2015/16. This funding has increased faster than inflation despite the number of people in residential care decreasing slightly over this period.

The independent review could not ascertain whether there were valid reasons for the funding increases or whether there are issues with the pricing and contract models used to determine the amount paid to providers.

The review recommended a rapid review of the pricing and contract models be undertaken. The taskforce will aim to complete this by early 2025.

Will people needing residential care for the first time be able to get a place in these facilities?

Yes, the number of people in residential care has slightly decreased over time, and people leaving residential care create spaces for new people entering.

At times in 2023, slightly more people (approximately 150) were in residential care compared to current numbers.

Why did the review recommend not automatically passing on the 6 per cent price uplift to providers that Budget 2024 funded?

The independent review recommended providers should manage within the rates they already receive to better control cost pressures on the disability support services budget in the 2024/25 year.

It suggested this 6 per cent is better utilised to meet increased demand for disability support services, not increases in prices.

This funding has not been allocated to any providers for the 2024/25 year.

The review also recommended a more detailed analysis of cost structures, contracts, pricing and the impact on DSS clients is needed to improve commercial rigor.

Will fewer people receive disability support services funding once it is more aligned to someone's need, as recommended by the review?

No decisions will be made on eligibility for support services until the disability community has been consulted and a fuller analysis has been undertaken.

The independent review recommended updating the assessment and allocation settings for individuals based on their level of needs; however, it emphasised some information gaps exist about the causes of spending increases on disability support services over time.

It is the Government's intention to make access to disability support fairer and based on a person's needs, so that those with the highest needs get the most support.

We will know the impact on numbers once more analytical work has been undertaken by the taskforce.

How will the taskforce for disability support services be funded?

Cabinet has agreed to reallocate \$15.6m of funding for 'system transformation' to 'Sustainability of Disability Support Services', which will support the taskforce's work to help facilitate the transfer of disability support services to MSD.

The first step towards transformation is building a disability support system that is fair and consistent for all, based on someone's needs.