

In Confidence

Office of the Minister of Health
Office of the Minister for Disability Issues
Office of the Associate Minister of Health

Chair, Cabinet Social Wellbeing Committee

DISABILITY SUPPORT SYSTEM TRANSFORMATION - PAPER 1: FUNDING ALLOCATION

Proposal

1. This paper provides you with a summary of progress with the MidCentral prototype of the transformed disability support system and seeks your agreement to a proposed approach to funding allocation within the prototype.

Executive Summary

2. Cabinet has approved the rollout of a prototype transformed disability support system in the MidCentral region from 1 October 2018 [SWC-18-MIN-0029 refers]. The prototype reflects the Enabling Good Lives vision and principles developed by the disability sector. The objectives of transforming the disability support system are to give disabled children, young people, and adults, and their whānau more options and decision making authority about their supports and lives, to improve their outcomes, and to create a more cost-effective disability support system.
3. The budget for allocating funding for support within the prototype is capped. It is made up of existing disability support funding and an additional \$6.485 million over two years from the tagged contingency. Following Cabinet decisions in September 2018, funding may also be transferred to the prototype from the Ministry of Social Development. There will be cost controls in place to manage expenditure. We will provide Ministers with regular reporting on expenditure against the budget throughout the prototype.
4. We anticipate that over time, early investment in disabled people (particularly for disabled children and young people) building better lives will reduce some support costs in the longer term. This will improve the sustainability and overall financial health of the system.
5. We have developed a funding allocation process that:
 - a. addresses issues within the existing system including a fixed menu of support options, deficit-based assessment and one size fits all process
 - b. enables us to manage within fiscal constraints by giving people choices about where to prioritise available funding
 - c. enables us to test if better outcomes can be achieved and savings made by investing earlier.
6. The funding allocation process involves:
 - a. setting upfront clear expectations for disabled people and whānau about the level of funding and options available
 - b. understanding what's important to the disabled person and their whānau,
 - c. exploring and prioritising a range of support options with the disabled person and their whānau
 - d. moderation of funding requests by a Funding Coordinator who determines a funding package that will allow the disabled person and their whānau to achieve the purposes that are most important to them, within budget constraints.

7. No decisions have been made beyond the prototype. After the new disability support system model has been refined using a 'try, learn, adjust' approach, advice will be provided to Cabinet in late 2020 about options to expand the model beyond the MidCentral region.

Background

8. In April 2018, Cabinet Social Wellbeing Committee (SWC) agreed to implement a prototype of a transformed disability support system for people who are eligible for Disability Support Services (DSS)¹ in the Ministry of Health in the MidCentral DHB region from 1 October 2018 [SWC-18-MIN-0029 refers]. The design of the prototype was based on the Enabling Good Lives vision and principles, and had been co-designed by officials and the disability sector.
9. SWC invited a range of report backs relating to the transformation. This is one of three papers that responds to these requests for report backs.
 - a. Paper 1: Overview and Funding Allocation (this paper) provides an update on progress with implementing the prototype, and seeks decisions on a proposed approach to funding allocation.
 - b. Paper 2: Policy and Regulatory Issues, and is on the same SWC agenda as this paper.
 - c. Paper 3: Funding within the Scope of the Transformed System, which we anticipate will be considered by SWC on 12 September 2018.

THE MIDCENTRAL PROTOTYPE

10. A prototype of the transformed cross-government disability support system is being rolled out for about 1,600 disabled children, young people and adults in MidCentral from 1 October 2018. The objectives of transforming the disability support system are to give disabled people and their whānau more options and decision making authority about their supports and lives, to improve their outcomes, and to create a more cost-effective disability support system.
11. The disability sector strongly supports the transformation of the disability support system. They have been actively involved in its co-design and governance. This is consistent with the principle of 'nothing about us without us' that is inherent in the *UN Convention on the Rights of Persons with Disabilities* and the *NZ Disability Strategy 2016 to 2026*. The transformation also contributes to an action in the *Disability Strategy Plan of Action 2014 to 2018*.
12. Appendix One summarises progress to date with implementing the core elements of the prototype and the progress expected to be made by 30 September 2018. Appendix Two describes the next steps in implementing the MidCentral prototype.
13. A MidCentral Regional Governance Group² is being established to ensure that the implementation and operation of the prototype does not stray from the Enabling Good Lives vision and principles. Its main role will be to provide recommendations to the Minister for Disability Issues and the Associate Minister of Health on what improvements could be made to the prototype. It will also recommend early investment priorities, within expectations set by Ministers.
14. Ministers will continue to exercise oversight of the MidCentral prototype, including what funding is included in it, the overall level of funding, and any matters relating to the potential for further

¹ Mainly people with intellectual, physical and sensory disabilities who are primarily aged under 65. Disability Support Services also funds some neurological conditions, and some developmental conditions in children and young people, such as autism.

² This group will be appointed by Ministers. Member nominations will include people from the MidCentral Regional Leadership Group, experienced governance members, ex-officio members under the age of 25 years, union representation and appropriate Māori representation. It will work within a terms of reference approved by the Minister for Disability Issues and the Associate Minister of Health. To satisfy accountability requirements, the Governance Group will be formally advising the Ministry of Health. If there is a difference of views, this will be reported to Ministers to enable them to make a decision.

investment. Ministers will receive budget tracking and other monitoring information to enable them to exercise that oversight.

15. Within the prototype, disabled people and whānau will continue to receive the support they were receiving on 30 September 2018 until they contact a Connector or Disability Information person to explore change. Alternatively, a Connector will engage with disabled people and whānau leading up to their regular review date.

Budget management and financial monitoring for the MidCentral Prototype

FUNDING FOR THE MIDCENTRAL PROTOTYPE

16. Disability support for disabled people in the prototype will be funded within the existing annual disability support budget for MidCentral, and \$6.485 million funding appropriated from the contingency for system transformation. In April 2018, Cabinet approved the drawdown of a tagged contingency for disability system transformation. This includes some funding that would be available for allocation to disabled people:
 - a. \$1.4m for early investment in 2018/19 and \$1.6m in 2019/20
 - b. \$0.45m in 2018/19 recognising the likelihood of increased uptake of community participation type supports in the MidCentral Prototype and \$0.6m in 2019/20
 - c. \$0.26m in 2018/19 for additional specialist services and \$0.55m in 2019/20
 - d. \$0.4m in 2018/19 for personal budget administration and \$0.8m in 2019/20.
17. It is estimated that the following amount of funding will be available to be allocated to disabled people and whānau in the MidCentral prototype:
 - a. \$49.04 million for the 9 months from 1 October 2018 to 30 June 2019;
 - b. \$63.79 million in 2019/20.
18. The funding in paragraph 17 is made up of \$6.485 million from the contingency, and existing Ministry of Health Disability Support Services funding for disabled people in the MidCentral Region (\$44.55 million in 2018/19 and \$61.80 m in 2019/20). It does not include some funding for national arrangements (for example, funding for National Disability Information and Advisory Services and services) and support governed by legislative requirements, (for example, the Intellectual Disability (Compulsory Care and Rehabilitation) Act 2003).
19. Funding may also be transferred to the prototype from the Ministry of Social Development. The precise funding to be included in the prototype will be considered further in the forthcoming Paper 3, Funding within Scope.

BUDGET EXPECTATIONS

20. The prototype has a fixed budget and implementation must be managed within that cap. The Ministry of Health has set expectations of expenditure within the prototype, see Table One on the following page.
21. The monthly expenditure profile will be tracked and reported to Ministers. Monthly budget monitoring will enable the Ministry to provide Ministers with assurance that the prototype remains on track financially.
22. To stay within budget, the prototype will:
 - a. invest early, to reduce support for higher cost clients across the short, medium, and long term

TABLE ONE: BUDGET EXPECTATIONS FOR SUPPORT FUNDING IN THE PROTOTYPE

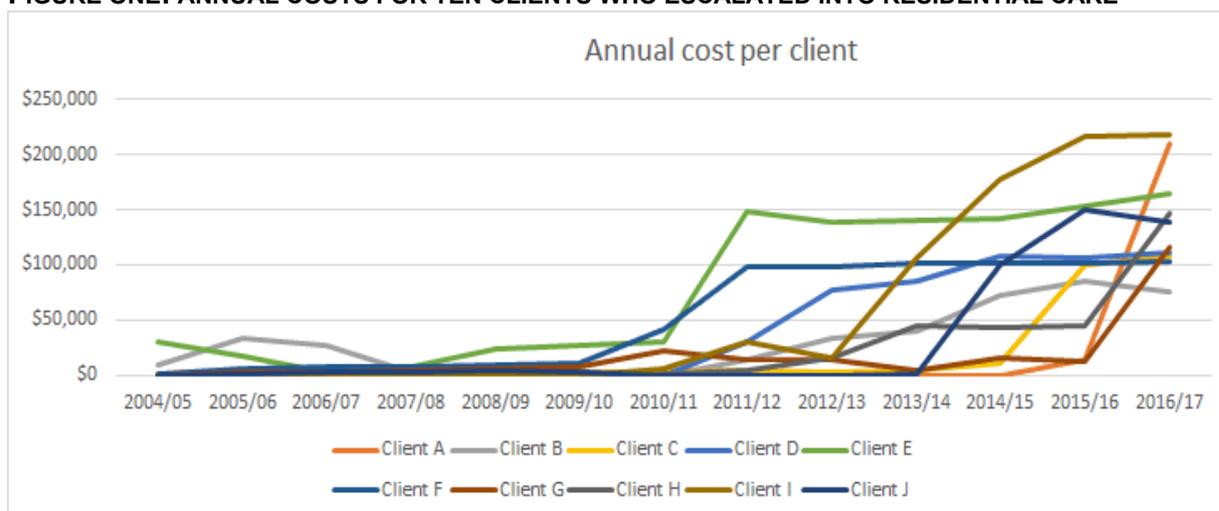
	Total budgeted expenditure at year end	
	2018/19 (9 months from 1 October only)	2019/20
Centrally funded supports Supports that continue to be delivered through existing or new flexible disability support contracts	\$42.44m	\$53.72m
Individually arranged supports Supports funded through a personal budget where the disabled person and their whānau is making (or contracts with someone to make on their behalf) individual arrangements with providers	\$3.66m	\$5.41m
Immediate resourcing funding Short term discretionary funding the system uses where there is an immediate issue that needs to be resolved before a disabled person and their whānau can engage with the funding system	\$1.28m	\$1.64m
Early investment funding Funding that provides the system with flexibility to 'frontload' personal budgets where appropriate, or invest more heavily in clients.	\$1.66m	\$3.02m
Total	\$49.04m	\$63.79m

- b. moderate all funding packages to ensure that they remain within the overall budget for the prototype. Moderation practices will be proactively monitored, reviewed, and improved, to ensure that the prototype continues to be effective at managing the risk of 'allocation creep'
 - c. communicate that although there will be greater flexibility in funding, careful prioritisation and management of funding will still be needed.
23. 5% of funding will be held back initially to act as a risk buffer, to cover any lag between expenditure being identified as tracking high and the system being able to bring it back into line with expectations.

EARLY INVESTMENT TO REDUCE SUPPORT FOR HIGHER COST CLIENTS ACROSS THE SHORT, MEDIUM, AND LONG TERM

24. The prototype will invest earlier to improve outcomes, and redirect more funding within the system towards earlier investment in maintaining or increasing independence. In particular, the prototype will reduce the rate of entry to residential care for children, young people and adults and assist people in residential care who wish to leave to create alternative futures by:
- a. prioritising some connector outreach to those on common pathways into residential care (for example, parents with teenage children who are finding it increasingly difficult to support their young person at home and parents who are providing sole care of their adult children, and they are ageing out of being able to provide care)
 - b. using early investment funding in a targeted way to support disabled people to create alternative futures in the community.
25. Residential care has significantly higher costs on average than supporting people to remain in the community. In many cases it can limit the choice and control of a disabled person and their whānau. Although not all people in residential care are there unnecessarily, there is evidence that residential care may have been avoidable for some people. The graph below in Figure 1 shows annual expenditure on ten younger clients who all escalated into residential care after little early investment:

FIGURE ONE: ANNUAL COSTS FOR TEN CLIENTS WHO ESCALATED INTO RESIDENTIAL CARE



26. We expect that earlier investment in creating alternative futures for disabled people outside of residential care will realise savings for reinvestment within the prototype, or to offset other costs (such as higher than expected increases in uptake). Table 2 on the next page sets out projected savings from greater early investment.
27. These estimates are conservative – as they relate to the first full year that savings would be achieved for individual clients. Appendix Three provides more detail on the assumptions behind these projections.

TABLE TWO: EXPECTED FINANCIAL IMPACTS OF INCREASED EARLY INVESTMENT

	2018/19 \$m	2019/20 \$m	2020/21 \$m	2021/22 \$m	4 year total \$m
Savings from fewer people entering residential care	0.00	0.66	1.33	1.99	3.98
Savings from transitioning people out of residential care	0.00	0.07	0.14	0.25	0.46
Reduced costs due to intervening earlier	0.00	0.13	0.37	0.65	1.15
Total savings invested back into early investment in the prototype	0.00	0.87	1.84	2.89	5.6

MODERATING ALL FUNDING PACKAGES

28. All funding packages will be moderated to ensure that the prototype stays within its overall budget, and ‘allocation creep’ is managed. The moderation process involves comparing the proposed funding package to a funding range that we expect disabled people in similar situations to receive.
29. The proposed moderation approach has several advantages over the current system for controlling costs within disability supports. It:
 - a. gives us greater granularity than the current system does on where funding increases are occurring across population ‘slices’
 - b. may get more traction than some current controls in the needs assessment process, as the factors that determine the funding range are less open to misrepresentation

- c. will record where the system has had to ask disabled people to prioritise with less funding. This information should give us a clearer picture of cost pressures within disability supports generally, and the trade-offs to be made through the government Budget process.

Monitoring the moderation process to manage allocation creep

- 30. We will also monitor the actual distribution of funding packages compared to the expected distribution within the funding ranges used for moderation. This will help us ensure that 'allocation creep' specifically does not lead to us exceeding the overall budget of the prototype.
- 31. Interpreting this analysis will be challenging initially. For example:
 - a. There will only be a small sample across the funding ranges for the first few months of the prototype, which means we will need to be cautious about the conclusions we draw. Other forms of review (such as peer review of individual decisions between Funding Coordinators) will also be put in place from the beginning of the prototype.
 - b. Initially we may see a higher proportion of higher cost packages, as those who are struggling most in the current system volunteer soonest for the prototype (although conversely this effect might not occur, if the additional flexibility of the prototype enables people to get what they need without significant additional funding).
- 32. Overall responsibility for staying within budget will remain with the Ministry of Health, taking advice from the Regional Governance Group. Day to day, responsibility for managing within the budget will be shared between Funding Coordinators and Connectors.

Funding allocation approach for the MidCentral prototype

ISSUES WITH THE CURRENT APPROACH TO FUNDING ALLOCATION

- 33. The current system does not respond well to what is most important to disabled people and their whānau, does not empower them to use their knowledge and take control of the future they will have, and largely does not trust them to use flexibility responsibly and wisely. The funding allocation system in particular:
 - a. Limits the choices and decision making authority of disabled people and their whānau, with flow on adverse impacts on their lives
 - b. Allocates higher levels of support only when people have the highest immediate level of need. This means that a significant proportion of people receive limited support until they are in crisis. At that point, responses are typically more expensive and challenging than earlier interventions. The lack of early support also limits the range of life choices available to the disabled person and their whānau.
 - c. Funds support only when whānau can't provide it, which can lead to expectations that families will carry on providing support even when it isn't sustainable for them. If this situation is not addressed, it can lead to crises, which have flow-on adverse impacts for the whānau and the disabled person and escalating support costs. For disabled children this can result in entry to the statutory care system.
 - d. Largely requires people to receive support from a pre-specified menu, which means that, for at least some people, the support may not address the particular barriers or issues facing them. The result is that those barriers or issues remain unresolved which adversely affects their lives.
 - e. Does not address the issues of service gaps, and the lack of choice over the supports and services available in some regions.
- 34. An alternative approach to funding needs to change the underlying dynamics of the current system.

DEVELOPING THE FUNDING ALLOCATION APPROACH

35. The funding allocation process for the prototype was:
 - a. Initially considered by the group of people from the disability sector and officials who developed the high level design of the transformed disability support system in 2017 [SOC-17-SUB-0085 refers].
 - b. Reviewed and amended by a Funding Working Group of people from the disability community and officials that were responsible for the detailed design of the funding allocation process.
36. The high-level design proposed a system of 'funding bands' which would maximise disabled people's self-determination, through constraining the decisions the system could make. The approach developed during the high level design was rejected for several reasons:
 - a. A funding band approach would give the system low discretion to respond to specific disabled people and their unique circumstances and would not be affordable for the MidCentral prototype.
 - b. It would be unfair and prioritise poorly between disabled people *within* a particular funding band, leading to poor value for money. For example, some disabled people might have enough within their band for 'nice to haves' whilst others might struggle.
 - c. The approach is based on responding to factors that the system says are important for disabled people, rather than responding to what the disabled person says is important to them. This did not reflect the experience that disabled people wish to have in the prototype.
 - d. It could contribute to provider-driven price inflation, as more people would have access to more funding that was not targeted to their specific needs or aspirations.
37. The funding working group proposed a more balanced system in response to the unintended consequences of the high level design.

PROPOSED FUNDING ALLOCATION PROCESS

38. Funding allocation is only one part of the transformed disability support system. Culturally competent Connectors will have worked with disabled children, young people and adults and their whānau to build a trusting relationship, and to support them to think positively about what is possible and to consider a wide range of options within their community.
39. The proposed funding process involves responding to what the disabled person says is important to them, and addressing any particular risks and issues they face as soon as possible. The approach has the following elements:
 - a. making it clear what the disabled person can expect from the system
 - b. understanding what's important to the disabled person and their whānau, in their terms
 - c. exploring and prioritising a range of support options with the disabled person and their whānau
 - d. moderating funding requests so that the system makes fair decisions across the population when not everything can be funded

MAKING IT CLEAR WHAT THE DISABLED PERSON CAN EXPECT FROM THE SYSTEM

40. The system will be clear with a disabled person and their whānau up front about the funding range a disabled person and whānau in their situation would ordinarily be able to apply for. This will be introduced at an appropriate time and way by the Connector so that:

- a. the engagement with the Connector does not simply focus on how to spend potential funding from the system (as this is likely to underplay the role of unfunded community solutions)
 - b. so that the upper limit of the potential funding does not become a 'target' to be hit.
41. Clear information will also be available to the disabled person and their whānau about the funding allocation process, including:
- a. disability support funding is a contribution to enabling a good life alongside the unfunded and natural supports in the community that can be accessed
 - b. who makes what decisions (Ministers make decisions on overall funding pool, Connectors gather information and supports disabled people and their whānau to think about options, Funding Coordinators make decisions on individual budgets, and disabled people and their whānau make decisions about what support to purchase within their budget)
 - c. when those decisions can be made
 - d. any guidance, criteria or other information used by the Funding Coordinators in making funding decisions
 - e. what they can do if they think they are being treated unfairly.
42. This transparency gives disabled people and their whānau a sense of how their request for funding will be considered – without focusing on funding as the only solution.

UNDERSTANDING WHAT'S IMPORTANT TO THE DISABLED PERSON, IN THEIR TERMS

43. This involves using a series of semi-structured conversation starters, rather than an 'assessment', to gather information on the purposes that people want to use funding for. Purposes might be expressed as goals or outcomes (eg, 'leaving home and going flatting') or purposes might be expressed as activities (eg, 'assistance getting up and dressed in the morning').

EXPLORING AND PRIORITISING A RANGE OF SUPPORT OPTIONS WITH THE DISABLED PERSON AND THEIR WHĀNAU

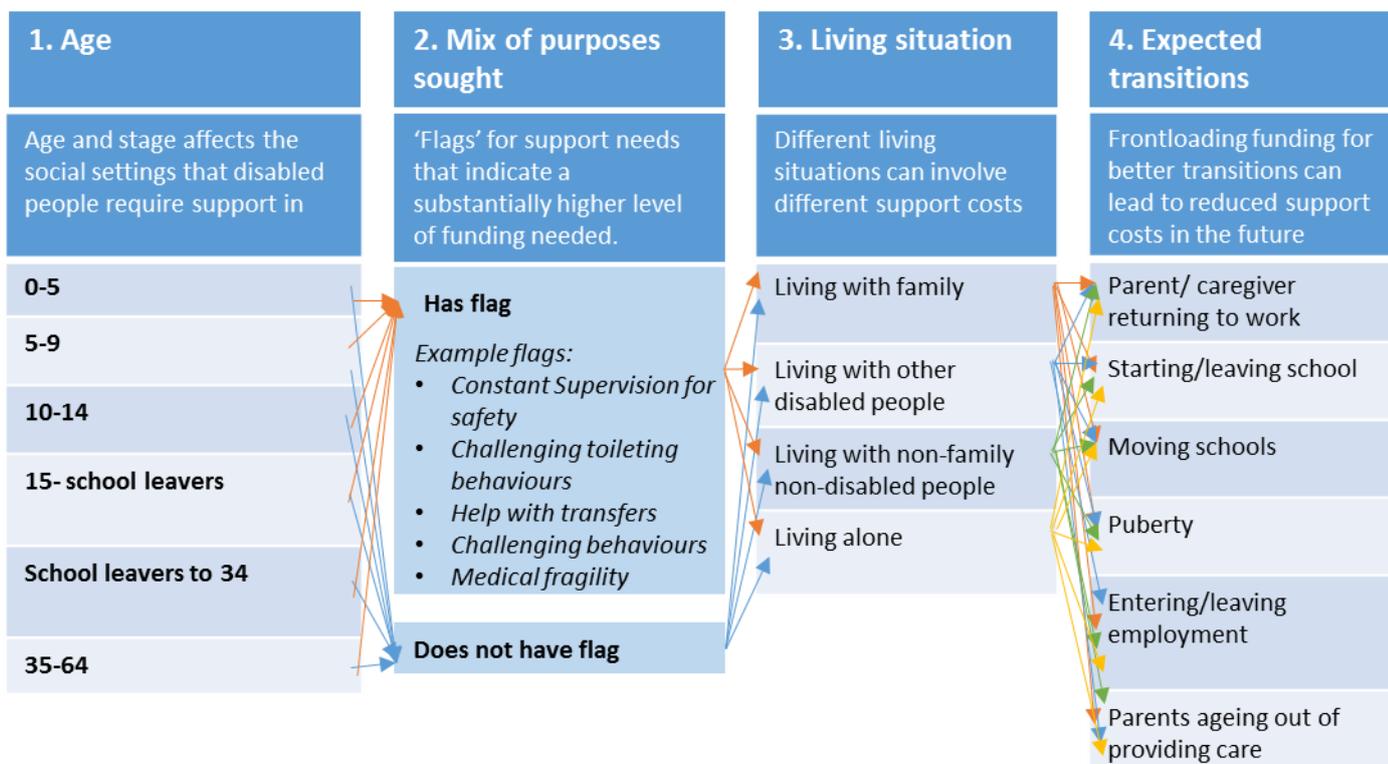
44. At the appropriate time in the process the Connector will provide information to the disabled person and their whānau about a wide range of options for no or low costs such as community supports, effective use of own resources and adoption of new innovative supports.
45. A Connector will be available to assist the disabled person and their whānau to work out how much funding to request for each of the purposes they want to use funding for. The Connector will also encourage the disabled person and their whānau to be:
- a. realistic ("is that really enough support for that purpose?")
 - b. proportionate ("does the amount of support you're asking for that purpose line up with how important it is to you?")
 - c. clear about the alternatives ("if you aren't sure you can get that much, what else could we try to meet that purpose?").

MODERATING FUNDING REQUESTS SO THAT THE SYSTEM MAKES FAIR DECISIONS ACROSS THE POPULATION WHEN NOT EVERYTHING CAN BE FUNDED

46. In determining funding allocations the system will take into account the specific supports that disabled people believe will be most effective for them - but all allocations will be moderated against ranges that reflect how the system funds disabled people in similar situations. This will ensure that the prototype stays within the fixed budget of the prototype, and that it treats disabled people fairly when not everything can be funded.

47. Where the funding sought is moderated down the Connector will be available to work with the disabled person and their whānau to prioritise between their purposes or find more cost-effective ways of achieving them.
48. The moderation process involves the following steps (Appendix Four contains a scenario of how these funding ranges might work).
- Asking some questions about the process to develop the funding request. This would identify whether the disabled person and their whānau have considered a range of options, so that the Funding Coordinator can be confident that they have considered what will be most cost-effective for them.
 - Considering the fairness of the funding sought relative to those sought by other people in similar circumstances (based on age, mix of purposes, living situation, transitions in life stages).
 - Considering whether the overall package is too high or low compared with other people in similar circumstances.
 - Requiring a strong argument, based on alignment with early investment priorities or constrained choices for any package above a certain threshold in the funding range (such as above the midpoint or two thirds point of the range).
49. Specific criteria will be used to determine the correct range to moderate the funding sought. Figure two describes these (specific factors within the categories are contingent on further statistical modelling).

FIGURE TWO: CRITERIA FOR CALCULATING THE FUNDING RANGE TO USE TO MODERATE INDIVIDUAL PACKAGES



50. These criteria will be used to calculate the specific range that the funding sought will be moderated against.

51. The Funding Coordinator may use approaches such as setting a shorter duration of an initial personal budget (for example, where someone is beginning to move towards more cost-effective supports, but needs more time to try things and work with a Connector to make more major changes). Conversely, they might spread costs across a longer term personal budget.

ADVANTAGES OF THE PROPOSED FUNDING ALLOCATION PROCESS

52. We expect this to create a better funding dynamic which involves:
- a. Early investment to support better transitions. For example, developing opportunities for paid and unpaid work can require some up-front funding for school leavers, but can lead to a considerably better future for the disabled person that is less reliant on funded support.
 - b. Greater transparency for disabled children, young people, adults and their whānau– this approach is clear about what the system can afford to contribute to a disabled person living their good life, and how it will be fair between people in similar situations, rather than addressing budget constraints through contesting what the disabled person ‘needs’.
 - c. Strong incentives to orientate funding packages towards early investment.
53. Appendix Five summarises the different approaches to the design of a funding allocation process that were considered during the development of the proposed approach.

How funding can be used

54. Within the MidCentral prototype, disabled people will be allocated an amount of funding that can be used:
- a. ***Either to purchase contracted disability supports, which the system purchases through contracted providers.*** This will include existing services such as residential care, home and community support services and equipment and vehicle modifications. Over time, the use of this kind of purchasing will reduce. It also includes some specialist supports, such as behaviour support, that are always likely to be purchased centrally. The approach to contracting for these centrally purchased supports will be adapted to increase the choices and decision making authority of disabled people and whānau.
 - b. ***Or within a personal budget that is controlled by the disabled person and their whānau.*** A personal budget can be used flexibly to purchase the particular type of support that will enable them to meet their highest priority purposes. Of the people who use personal budgets, some people will take on full responsibility for purchasing support (including having funding paid into a bank account that they control). Not all disabled people and their whānau will have the capability to manage their own funding. Connectors will work with them to identify other options. This might involve seeking assistance with some or all of these responsibilities, including asking a host organisation to manage those responsibilities on their behalf, or contracting with a provider organisation to take on full responsibility for delivering support.
 - c. Personal budgets will be able to be used to buy disability support, which is defined as ***‘goods and services that help people with an impairment to overcome barriers they face as a result of living in a disabling society’***. This definition is consistent with the UN Convention on the Rights of Persons with a Disability and the NZ Disability Strategy. This definition is broader than the definition implicitly used within the current system of ‘funding the additional costs associated with a disability’. As well as being inconsistent with the UN Convention and NZ Disability Strategy, it leads to a narrow,
 - d. technical understanding which can limit people’s ability to invest in building a life.

Managing personal budgets

55. It is recognised, however, that there is a small risk that people will not use funding in the most appropriate ways. These can be categorised into several broad areas:
- a. poor decisions being made about what support is purchased (eg, supports are chosen that do not effectively support the disabled person)
 - b. legal and perception issues (eg, people do not meet their employment obligations)
 - c. decisions that create or exacerbate 'precariousness' (eg, relying on whānau for some types of support, when this is not sustainable for the whānau).

MONITORING TO ENSURE FUNDING IS BEING USED APPROPRIATELY

56. Potentially inappropriate expenditure will be identified through monitoring account transactions, using account extracts that are anonymised and analysed for patterns of concerning expenditure, before just the concerning transactions are re-identified for action by the system. Where disabled people and their whānau wish to have their personal budget paid into a bank account that they control, that account will need to be separate from household expenses, and used solely to pay for disability supports. Tight security and privacy protocols will be put in place to manage information provided on transactions.
57. This approach has been proposed as it minimises compliance costs on disabled people, has been successfully trialled in the Enabling Good Lives Waikato demonstration, and balances flexibility for disabled people with appropriate scrutiny of the use of public funds. The experience in the Enabling Good Lives Waikato demonstration was that this contributed to a very low level of compliance issues (about 2%).

USING PROPORTIONATE AND ESCALATING RESPONSES TO RESPOND TO POTENTIAL COMPLIANCE ISSUES

58. An escalating series of responses were developed which reflected the nature and extent of each particular risk, and the potential for those issues to be addressed through early interventions. The emphasis is on resolving issues at the lowest level whenever possible:
- a. ***Building enablers into system design*** that support good decisions and actions up front. For example, there will be a strong emphasis on providing disabled people with clear information on their responsibilities and putting supported decision making processes in place.
 - b. ***Preventing the risk*** which focus on supporting people to make good decisions, building up family and support networks, and ensuring they are aware of their responsibilities. For example, a Connector can help to put in place a range of ways to build up a family so they can provide ongoing support, rather than assuming they will provide a significant degree of support initially.
 - c. ***Monitoring and early intervention***, when the degree of risk is such that preventative approaches are inadequate. For example, ongoing checking in could lead to a Connector reviewing with the disabled person and whānau what funding is spent on, or to exploring alternative options if current support options are not working.
 - d. ***Intensive interventions*** which could involve action to enforce compliance, reducing or removing the discretion that disabled people have, or providing intensive intervention support in response to a crisis. These interventions would be reserved for the most significant issues.

WHAT FUNDING CANNOT BE USED FOR

59. There are several situations, however, where rules are more appropriate than the escalating series of responses outlined above. In some cases, total exclusions are required:
- a. family carers cannot be funded except when allowed under the government's funded family care policy

- b. funding cannot be used for illegal activities
 - c. funding cannot be used for gambling or alcohol
 - d. funding cannot be used for a personal injury that is covered by ACC
 - e. funding cannot be used to generally supplement household income (i.e. where there is no link to overcoming a barrier arising from a person's disability).
60. In some cases, there is a degree of judgement involved. The most appropriate people to make those judgements are people within the system closest to the disabled person and their whānau. In these cases, a subset of the Regional Governance Group would be responsible for making judgements about whether funding can be used to pay for:
- a. alternative therapies that would not otherwise attract public funding (for example, osteopathy)
 - b. goods and services where there is a very high risk of adverse public perceptions.
61. Furthermore, before using a personal budget for something that another government agency pays for, the disabled person (or the Government Liaison on their behalf) must have made reasonable efforts to access support through the relevant agency (e.g. access to transport or equipment). They could then purchase that support if it is either not available in a timely manner or is not suitable for them.

Implementation of funding allocation

62. There are some policy issues associated with implementing the proposed approach to funding allocation. These are discussed below.

MEANS TESTING

63. Means testing on some current types of support was introduced in the 1990s, such as household management³ and housing and vehicle modifications⁴ (eg, SAR 94 M21/2 refers). Rationing access to support through means testing is inconsistent with an approach that allocates funding for a flexible range of 'broad purposes' that are identified by the disabled person. On the other hand, removing means testing can increase costs, particularly of existing services.
64. Analysis of the current means testing arrangements has led to the following conclusions regarding household management:
- a. **Means testing should not apply** to people within the MidCentral prototype who have a flexible personal budget. It is not practical to apply means testing on household management in those situations. Furthermore, our experience with Enhanced Individualised Funding suggests that the financial risks associated with not applying means testing on household management can be effectively managed when flexible personal budgets are used.
 - b. **Means testing on household management should continue to apply** whilst people continue to receive their NASC allocated package during the transition period in the MidCentral prototype. This is consistent generally with our approach to when changes to rules and conditions will come into effect for individual clients.

Immediately removing means testing on household management for NASC allocated packages could result in an immediate increase in costs estimated as being up to \$430,000 a year. The prototype could not afford this, particularly when there would be

³ Eligibility is restricted to people with a Community Services Card, or those who are in similar financial situations.

⁴ Which are subject to income and asset testing, as well as maximum contributions.

no corresponding benefits (such as trade-offs between different types of support) from increased flexibility.

65. 95% of clients within MidCentral are estimated to be eligible for a Community Services Card, and therefore would not be means-tested for household management. This equates to about 80 people who currently receive disability support services having the potential to be means tested. However, the presence of someone else in the household who can undertake household management appears to be the main reason that DSS clients do not receive household management support, rather than financial eligibility. Because of this, and the experience with Enhanced Individualised Funding, we expect the financial impact of removing means-testing from household management to be negligible.
66. Removing income and asset testing from housing modifications would also be desirable, but would lead to additional fiscal costs that would be difficult to manage within the funding available for the prototype. Rather than removing income and asset testing, we propose that an exceptions policy be adopted under which proposals for funding over and above what is currently possible be considered if it is expected to lead to reduced future costs.

ELIGIBILITY – PRE-DIAGNOSIS

67. Early access to support can have a significant positive impact on future outcomes for disabled children. The current system recognises that those positive impacts can occur if support for children with developmental delay can begin even before a diagnosis is made. There is, however, a cut-off for this support when children turn eight. This means that some children do not receive support because their developmental delay becomes apparent too late, or stop receiving support at a younger age than is desirable. To address this, operational policy within the MidCentral prototype will be clarified so that all children and young people with developmental delay are eligible for intensive early intervention support.

Evaluation

68. Arrangements for evaluating the prototype are also being implemented. The evaluation will gather a wide range of information about how the system is working in practice, what difference it is making to people's lives and its financial impacts. From a financial perspective, this will include consideration of the overall approach to funding management, the approach to funding allocation, what people are purchasing with their funding and developing a clearer picture of opportunities to reprioritise funding and funding pressures within disability supports.
69. We are now beginning to gather baseline data as the basis for assessing future changes. That data will be on the current cross-government disability support system, how it operates, provider readiness for change, and how disabled people and their whānau experience that system and their current life outcomes. This data is being gathered through a combination of interviews, surveys and analysis of administrative data.
70. Evaluation reporting will be available in October 2019 to support decisions about seeking funding for the third year of the prototype. At this point the evaluation reporting will be largely process and content focussed with some early indications of outcomes.
71. Outcomes will be examined at an individual and a cohort level and will be aligned with the EGL principles and the New Zealand Disability Strategy outcomes framework. Quantification of outcomes is likely to be constrained by small sample sizes, due to the rate at which we expect disabled people to move into the new funding model.
72. At the end of the first 12 months of the prototype evaluation reporting is expected to cover:
 - a. what has been implemented so far to enable disabled people to have more choice and control over their supports and lives and how it is working in practice
 - b. who is engaging with the new system (eg. number and profile of people who are engaging/not engaging)

- c. how disabled people and whānau are experiencing the new system and perceived levels of satisfaction
- d. the extent to which disabled people are exercising choice and control over their supports, including:
 - i number and profile of people who have made changes to their supports
 - ii types of changes people are making and what support service options people are choosing
 - iii what options people are choosing for managing their funding
 - iv how satisfied people are with their new support service arrangements
 - v perceived difference changes in supports have made to quality of life
- e. case studies of:
 - i disabled people exiting residential care to take up community-based options
 - ii disabled people and whānau who receive early intervention support and the impact on the disabled person and their whānau and requests for additional support
 - iii how service providers of disability support services are positioning themselves to enable disabled people to have more choice and control.

73. Overall, the evaluation will involve:

- a. Implementing a developmental evaluation approach to gather ongoing insights that support the 'try, learn, adjust' approach to improving the transformation.
- b. Longitudinal outcomes evaluations after 18 months and 3 years to understand what difference the transformation has made to disabled people and their whānau's quality of life and experience of the disability support system.
- c. System level evaluations after 18 months and 3 years to monitor how the system is changing over time, and consider broader range of effects, such as impacts on the provider market. Among other things, these evaluations will help determine sustainability and cost effectiveness.
- d. Impact evaluation and cost benefit analyses, which will use the 'natural experiment' arising from running a prototype that can be compared to the current system to determine its overall impacts. These will occur after the end of the MidCentral prototype.

Advice on expanding the transformed system beyond the MidCentral Region

74. Decisions are not being sought at this stage on whether to roll the transformed system out nationwide. Given the scale of the change, and the impact on disabled people, whānau, providers, workforce, and government agencies, it is critical to take the time to get the model right before considering a possible national roll out. Taking the time to get the model right will also provide time to reduce the current uncertainties about the costs associated with the transformed system.

75. Following the prototype and comprehensive evaluation, Ministers will be provided with free and frank advice in late 2020 about future options. These include: ending the prototype; implementing parts of the transformed system; or expanding the transformed disability support system to other areas.

Financial Implications

76. There are no direct financial implications arising from the proposals outlined in this Cabinet paper, provided the risks associated with the approach to funding allocation can be managed within the funding available for the transformation. The overview of the financial risks and proposed mitigations is outlined on the next page in table 3.

TABLE THREE: OVERVIEW OF FINANCIAL RISKS AND PROPOSED MITIGATION

Risk	Mitigation
<p>Timing risk: The returns from earlier and more responsive investments may not be realised in time to fund the increased short and medium term costs.</p>	<ul style="list-style-type: none"> • The pace of change will be altered if necessary. • Target early investment to areas that can free up funding and reduce risks (e.g. reducing the flow into residential care) • The prototype budget includes an allowance for early investment funding.
<p>Increased uptake from people who are currently disengaged who are attracted by the more welcoming and flexible system.</p>	<ul style="list-style-type: none"> • Funding has been budgeted for increased demand.
<p>Allocation creep: Broadening the purpose of disability support may lead to increased demand for support and increased allocations.</p>	<ul style="list-style-type: none"> • Create clear expectations, from first contact with the system. • The moderation process will be used to identify where disabled people and their whānau will need to prioritise their purposes, and keep individual packages affordable within the overall budget constraint. • Tighten up approach to what funding is allocated.
<p>Cost shifting from other agencies. Increased flexibility may mean that it is easier to use disability support system funding than approach other agencies for support.</p>	<ul style="list-style-type: none"> • Government liaisons will support people to access support funded by other government agencies. • Funding can only be used to fund support within other agency responsibilities when reasonable efforts have been made to access it, and show that it is either unsuitable or not available in a timely manner. • Use of funding in this way will be monitored and require a specific exception.

77. In the medium term, we anticipate that the transformation will be financially sustainable. That is because the additional costs associated with the transformation will be offset by savings from, for example, people being supported to remain in the community rather than entering residential care.

Consultation

78. This paper was written by the Ministry of Health. The Ministries of Social Development, Education, Youth Development, Justice and Transport, the Ministries for Business Innovation and Employment, Women and Pacific Peoples, Oranga Tamariki - Ministry for Children, the Departments of Corrections and the Prime Minister and Cabinet, Inland Revenue, ACC, Te Puni Kōkiri, Housing New Zealand, Statistics New Zealand, New Zealand Police, the State Services Commission and the Treasury were consulted. Their views have been included in the paper.
79. The approach to funding allocation developed in this paper was:
- a. initially considered by the group of people from the disability sector and officials who developed the high level design of the transformed disability support system in 2017 [SOC-17-SUB-0085 refers]
 - b. reviewed and amended by a Funding Working Group of people from the disability community and officials that was responsible for the detailed design of the funding allocation process.

COMMENT FROM DISABILITY SECTOR GROUPS AND UNIONS

80. The transformation proposals that form the core of the paper were developed through a co-design process that involved disabled people and whānau, disability NGOs, providers, unions and officials. Officials consulted the National Enabling Good Lives Leadership Group, Regional Leadership Group, and Union representatives on an early draft of this paper.
81. While disability sector representatives thought the proposals would improve the experience for disabled people and whānau, they were still concerned about the continuation of Funded Family Care policy settings in the prototype and the potential for purchasing guidance to be too restrictive and reduce the opportunity for more innovative solutions for disabled people.
82. Union representatives want to ensure that workforce rights are reinforced in purchasing guidance (particularly workforce gains that have been made over the last few years, such as pay equity).
83. Officials will work with disability sector groups and unions on the development of purchasing guidance and other employment guidance and support.

Legislative implications and Impact Analysis

84. There are no proposals in this paper with legislative implications or requiring the preparation of an impact analysis. Future work on the involvement of disabled people in governance of the transformed disability support system may lead to proposals with legislative amendments or requiring the preparation of an impact analysis.

Human Rights

85. The proposals outlined in this paper are consistent with the Human Rights Act 1993 and the UN Convention on the Rights of Persons with Disabilities, except for the retention of the current funded family care policy settings within the prototype, without recourse to the courts.

Gender implications

86. More males than females will be directly affected by the transformation of the disability support system because a higher proportion of people currently supported by DSS in that region are male. More females than males will, however, be indirectly affected by the transformation because females provide a higher proportion of unpaid support than males.

Publicity

87. The Minister for Disability Issues, and the Minister and Associate Minister of Health will make ongoing announcements about the MidCentral prototype. This Cabinet paper will be publicly released once it has been considered by Cabinet.

Disability perspective

88. The disability sector strongly supports the transformation of disability support system. They have been actively involved in its co-design and its future governance. This is consistent with the principle of 'nothing about us without us' that is inherent in the *UN Convention on the Rights of Persons with Disabilities* and the *NZ Disability Strategy 2016 to 2026*. The transformation also contributes to an action in the *Disability Strategy Plan of Action 2014 to 2018*.
89. There is concern from some people in the disability sector that the approach to funding in the prototype may mirror what happened with the current DSS framework. Many people in the disability sector were hopeful when the DSS framework was announced, but became very disappointed with how it operated in practice through limiting disabled people's choices and decision making, with adverse impacts on the life they lead.
90. Several aspects of the transformation differ from the approach taken in the 1990s, which increase the likelihood that real change will happen. Those aspects include the following:
 - a. The structural separation between the roles of the Connector (who helps a person to develop their plans and apply for funding) and the Funding Team (who make decisions about the level of funding). This role separation is often unclear at present.
 - b. There are structures for disabled people and whānau to be involved in governance and oversight. Those structures do not exist in the current system.
 - c. The funding allocation approach builds on peoples' strengths and what they want for their life, rather than the current system's focus on the 'needs' that it identifies.
 - d. Disabled people and their whānau will make prioritisation decisions when there is not enough funding for everything, rather than being told what supports they can and can't have.

Proactive Release

91. The Minister of Health, Minister for Disability Issues and the Associate Minister of Health propose to release the paper proactively subject to redactions as appropriate under the Official Information Act 1982.

Recommendations

The Minister of Health, Minister for Disability Issues and the Associate Minister of Health recommend that Cabinet Social Wellbeing Committee:

- 1 **Note** that in April 2018, Cabinet Social Wellbeing Committee agreed to implement the prototype of the transformed disability support system in MidCentral from 1 October 2018 and among other things, invited the Minister for Disability Issues and the Associate Minister of Health to report back to Cabinet on the allocation of funding within the prototype [SWC-18-Min-0029].

FUNDING FOR THE MIDCENTRAL PROTOTYPE

- 2 **Note** that the MidCentral prototype will be implemented within a fixed budget.
- 3 **Agree** that overall budget management will involve the following features:
 - 3.1 monthly budget monitoring to provide assurance that prototype finances remain on track;
 - 3.2 early investment to improve outcomes, increase the exit rate and reduce the rate of entry of residential care by assisting people to create alternative futures;
 - 3.3 moderation of funding packages to ensure that budget constraints are maintained; and,

- 3.4 holding back 5% of funding initially as a risk buffer.

FUNDING ALLOCATION PROCESS WITHIN THE MIDCENTRAL PROTOTYPE

- 4 **Agree** that the approach to funding allocation involves the following steps:
 - 4.1 setting upfront clear expectations to disabled people and whānau about the level of funding and options available;
 - 4.2 understanding what is important to the disabled person and their whānau;
 - 4.3 exploring and prioritising alongside the disabled person and their whānau a range of support options, within funding constraints; and
 - 4.4 moderation of funding requests by a Funding Coordinator who determines a funding package that will allow the disabled person and their whānau to achieve the purposes that are most important to them, within budget constraints.

HOW FUNDING CAN BE USED

- 5 **Agree** that, in the MidCentral prototype, disabled people will be allocated an amount of funding that can be used:
 - 5.1 to purchase contracted disability supports, which the system purchases through contracted providers and/or
 - 5.2 within a personal budget that is controlled by the disabled person and their whānau;
- 6 **Agree** that a personal budget can be used to purchase goods and services that help a disabled person and their whānau to overcome barriers they face as a result of living in a disabling society.
- 7 **Agree** that a personal budget cannot be used to pay for:
 - 7.1 family carers who are not eligible to be funded under the government's funded family care policy;
 - 7.2 illegal activities, gambling or alcohol;
 - 7.3 support for personal injuries that are covered by ACC; and
 - 7.4 as a general supplement to household income.
- 8 **Agree** that the Regional Governance Group be responsible for decisions about whether an individual's funding can be used to pay for:
 - 8.1 alternative therapies that do not otherwise attract public funding; or
 - 8.2 goods and services that may lead to adverse public perceptions.
- 9 **Agree** that a flexible personal budget can only be used to purchase a good or service that another government agency (other than ACC) has funding responsibility for after they have made reasonable efforts to access that support through the other government agency and the support is either not available in a timely manner or is not suitable.

ENSURING FUNDING IS BEING USED APPROPRIATELY

- 10 **Agree** that monitoring to ensure personal budgets are being used appropriately will focus on three broad areas:
 - 10.1 what support is being purchased and how effectively it supports the disabled person;
 - 10.2 is funding being used in ways that are illegal or lead to adverse public perceptions; and

- 10.3 is funding being used to increase sustainability and reduce the risk that 'precariousness' is created or exacerbated (eg. relying on whānau for some types of support, when this is not sustainable for the whānau).
- 11 **Agree** the following escalating series of responses when potential inappropriate use of funding is identified:
- 11.1 Building enablers into system design that support good decisions and actions upfront.
 - 11.2 Preventative responses, which focus on supporting people to make good decisions, building up family and support networks, and ensuring they are aware of their responsibilities.
 - 11.3 Monitoring and early interventions, which involves working more intensively with the disabled person and their family to address issues and, if appropriate, exploring alternative options.
 - 11.4 Intensive responses, which could involve action to enforce compliance, reducing or removing disabled people's discretion, or providing intensive early intervention support.

IMPLEMENTATION OF FUNDING ALLOCATION

- 12 **Note** that the try, learn and adjust approach will be taken to the approach and use of the funding allocation process as it is to other parts of the transformed system;
- 13 **Agree** that means testing should not apply to Household Management allocations for people within the MidCentral region who receive a flexible personal budget;
- 14 **Agree** that means testing for Household Management services should continue to apply to people who receive a Needs Assessment and Service Coordination allocated package through a provider within the MidCentral prototype;
- 15 **Agree** that, within the MidCentral prototype, the Ministry of Health's operational policy will clearly state that all children and young people with developmental delay are eligible for early intervention support;
- 16 **Note** that the clarification to the operational policy for early intervention support may retain eligible children within the system longer than the current system, but the expected benefits and reduction in future support are likely to outweigh the additional costs;
- 17 **Note** that the early intervention support for children and young people will be funded from early intervention and increased specialist early intervention support funding.

FINANCIAL IMPLICATIONS

- 18 **Note** that advice will be provided to Cabinet on expanding the disability support system beyond MidCentral in late 2020.

Authorised for lodgement.

Hon Dr David Clark
Minister of Health

Hon Carmel Sepuloni
Minister for Disability Issues

Hon Julie Anne Genter
Associate Minister of Health

Appendix One: Summary of progress with implementing the MidCentral prototype

KEY ELEMENT	PROGRESS TO DATE	PROGRESS BY 30 SEPTEMBER
<p>People are welcomed into the new system with proactive and responsive entry points. This includes Connectors reaching out to the community, the use of peer networks, contact by phone, email or through the website with face to face follow up.</p>	<ul style="list-style-type: none"> Information collected about peer networks A contract is in place for hubs, phone and email so people can contact multiple ways Website design is underway. 	<ul style="list-style-type: none"> Processes for health professionals to refer disabled people to connectors Priorities for outreach agreed for connectors Website live.
<p>Easy to use information and processes that:</p> <ul style="list-style-type: none"> are accessible and culturally responsive provide tailored information allow for skipped or repeated steps. 	<ul style="list-style-type: none"> All business processes and policies have been identified and development is underway. 	<ul style="list-style-type: none"> Business processes are in place Information available in accessible formats.
<p>Access to a Connector to walk alongside disabled people and whānau, to help them:</p> <ul style="list-style-type: none"> think about options and possibilities for their lives with information to make choices build up their natural and community support options help them to access cross government services and disability support funding. 	<ul style="list-style-type: none"> Four Connectors recruited through the change process at Enable NZ Ltd (the current NASC). Recruitment is underway for the other 14 Connectors, their Manager and Director. Developing information and processes. 	<ul style="list-style-type: none"> All 18 Connectors will be in place, inducted and ready to commence walking alongside disabled people and whānau.
<p>A straightforward process for accessing funding, which uses strengths based information gathered by Connectors, with decisions by Funding Co-ordinators that support people to build the life they are seeking.</p>	<p>An overall approach to funding allocation has been developed (this is discussed in more detail later in this paper).</p>	<ul style="list-style-type: none"> Tools and processes developed and tested. Policy changes (eg, changes to means testing) that make it easier for disabled people and whānau to use funding flexibly.
<p>Seamless support across government. This involves:</p> <ul style="list-style-type: none"> transferring some cross-government disability support funding to the transformed system transactions with multiple government agencies completed in the background with support from Government Liaisons Connectors making introductions to appropriate people in other government agencies. 	<ul style="list-style-type: none"> Discussions with individual government agencies about how they will work seamlessly with the transformed system Documented processes in place between agencies Recruiting Government Liaison who will work behind the scenes with other government agencies. 	<ul style="list-style-type: none"> Government Liaisons are recruited and inducted Decisions by Cabinet on what funding from across government will shift to the transformed system.
<p>Capability funding for disabled people and whānau which will be administered by the Regional Governance Group.</p>	<ul style="list-style-type: none"> Application and decision making processes developed The Regional Leadership Group has made decisions on its initial set of priorities. 	<p>Decisions on the first round of applications will be made by 31 August 2018.</p>
<p>Greater system accountability to disabled people and whānau:</p> <ul style="list-style-type: none"> disabled people and whānau representatives make up more than 50% of the groups developing the prototype, designing the evaluation arrangements and interviewing staff a Regional Governance Group will have oversight of the MidCentral prototype. 	<p>Terms of reference for Regional Governance Group of disabled people and whānau have been approved by the Minister for Disability Issues and the Associate Minister of Health (Hon Julie Anne Genter).</p>	<ul style="list-style-type: none"> Ministers appoint Regional Governance Group members by 31 August 2018 Governance Group members will be inducted by 30 September 2018 Baseline data for evaluation available.

Appendix Two: Next steps in MidCentral prototype implementation

Date	Work programme from here
July 2018	<ul style="list-style-type: none"> • Recruitment for all roles • Directors start • Facilitated process with the Regional Leadership Group to select six members for the governance group • Process to select up to 3 independent members for Governance Group • First round of applications for capability building • Governance Group appointments confirmed by Minister for Disability Issues and Associate Minister of Health
August 2018	<ul style="list-style-type: none"> • All Connectors start on 20 August 2018 and are inducted • Business processes are in place • Priorities agreed for Connector outreach • Decisions made on applications for initial round of capability funding • Contracts in place for immediate resourcing, supported decision making and advocacy, options for managing the money
September 2018	<ul style="list-style-type: none"> • Induction of new teams completed • Process established for information to be sent to Connectors • Branding is in place • Website goes live • Information available in accessible formats • Funding allocation process and tools in place • Evaluation baseline completed
October 2018	<ul style="list-style-type: none"> • Prototype goes live on 1 October • Funding can begin transferring from other agencies to the disability support system from this date • Initial changes to tax treatment implemented • Machinery of Government review terms of reference approved by Ministers

Appendix Three: assumptions behind reinvestment projections

The reinvestment projections were conservatively estimated based on forecast models. Forecasts suggest that there will be less disabled people remaining in or entering residential care in the future. Table one shows a steady reduction of residential care numbers over the next three years. This is based on data from the MidCentral area and on assumptions about what we expect to happen in the new system. The assumptions are detailed in table two below.

TABLE ONE: RESIDENTIAL CARE FORECASTS FOR MIDCENTRAL

Number of people in Residential Care	2018/19	2019/20	2020/21	2021/22
Opening number	463	463	448	433
Clients taking up alternative care options	0	-5	-5	-7
Clients exiting and not being replaced	0	-9	-9	-9
Clients not entering due to early intervention	0	-1	-1	-3
Closing number – end of each year	463	448	433	414

TABLE TWO: RESIDENTIAL CARE FORECASTING ASSUMPTIONS AND DATA

Clients taking up alternative care options:	Clients exiting and not being replaced	Clients not entering due to early intervention:
<ul style="list-style-type: none"> In the 2016/17 year approx. 30% (7 people) of those that entered residential care had the reason for entry coded as lack of housing/no other alternatives. It is likely that over the next few years personal budgets and Connectors will enable the 30% of disabled people and their whānau to take up alternative care and support options. We would expect to see not only a reduction of disabled people entering residential care but more disabled people exiting residential care as more alternative options become available. The reduction of 5 places in the first two years followed by 7 in the third year is a conservative estimate. 	<ul style="list-style-type: none"> Mortality rates have been accelerating in residential care as the population ages, this is expected to continue. Further reductions can be conservatively estimated based on fewer entries into residential care. Based on this year’s entry rates, a reduction by a third would be equivalent to 9 places. 	<ul style="list-style-type: none"> As at April 2018, there are 26 people on the waiting list⁵ to enter residential care; 8 of these are urgent or semi-urgent. The newly transformed system will be able to encourage and support alternative options for the remaining 18 disabled people and their whānau, further reducing entry to residential care. A reduction of 1 place in the first two years followed by three places in the third year is likely to be easily met as personal budgets enable better long term outcomes for disabled people and their whānau reducing the need for residential care in the long term.
<p>Mortality rates of disabled people in residential care are increasing (due to an ageing population). A one-third reduction of residential care entries would result in the projected cost savings that could be reinvested.</p>		

⁵ In some cases people may be on a waiting list but not take up an available place for a variety of reasons such as inappropriate housing, geographical constraints or not being ready.

APPENDIX FOUR - FUNDING RANGE – EARLY YEARS SCENARIO - LEAH

1.) Leah and her whānau situation

Leah is 3 ½ years old and has just been diagnosed with Autism. She lives with her Mum, Jenny and Dad Mihaka and two older siblings Sara and Wiremu. Dad Mihaka works full time and Mum stays at home to look after the children. Wiremu also has diagnosed Autism. Leah doesn't sleep well at night time and screams near constantly if she has to go outside. Mum is really tired from the sleepless nights and is struggling to support her other children. The whole family often go without things and are becoming increasingly isolated because Jenny feels that it's too difficult to leave the house with Leah.



2.) Leah's whānau contacts a Connector

Mihaka has heard at the clinic where Leah was diagnosed that the disability support system would be available for Leah, and that they can talk to a Connector if they want to know more. Jenny is at her wits end and gets in contact with the system and agrees to meet with a Connector in her home that week – with Leah.

The Connector organises some immediate support for Leah (using discretionary resource in the system) so that her situation can improve and Jenny and Mihaka can more readily talk about what they want to do next.



3.) Leah's whānau talks with the Connector

Leah's whānau continues to talk with their Connector over the following weeks, and their Connector begins to understand what is really important to them. The Connector also builds an understanding of the supports that already exist around the whānau.

Mum would like some everyday support so that she can spend proper time with her other children and get out to the grocery store. Mum also wants to work with a behaviour support specialist so that Leah sleeps better and doesn't scream all the time. The support is mostly needed during the week when Dad is at work. They also know that transition funding will be needed in 2 years as Leah enters the schooling system.



4.) The Connector takes the purposes to the Funding Coordinator

After carefully discussing the purposes and understanding what's important together they decide what volume of supports would best match their needs.

Jenny and Mihaka agree they'd like the Connector to take the package to the Funding Coordinator without them, as they are too busy and they trust the Connector to represent their interests.



5.) How Leah's whānau's funding purposes are treated by the funding allocation system

The Funding Coordinator receives the list of purposes and the funding amount request that has been produced by the costing app.

The funding co-ordinator also receives the following information:

- Age – 3 ½ years old
- Living situation – Lives at home with both Mum and Dad
- Transitions – in approx. 2 years entering the schooling system transition funding will be required

Fairness range is developed:

The Funding Co-ordinator then uses this information to formulate a fairness range. Leah's overall funding allocation is plotted just above the average mid-point.

Early years 0-5, range for people in Leah's situation (Example)



0-5 years of age

Sometimes further supporting information is used:

As the overall cost of Leah's funding purposes is within the range and is well supported with the already provided information the Funding Co-ordinator is happy to activate the funding package without requesting any further supporting information.

- Early intervention – n/a
- Complexity – n/a
- Constraints – n/a

Action:

The Funding Coordinator immediately activates the package.

APPENDIX FIVE: SUMMARY OF DIFFERENT APPROACHES TO FUNDING ALLOCATION AND USE

Components	Current Process	High Level Design	Proposed Approach
<i>What disability support covers</i>	Additional costs of living with a disability.	Overcoming the barriers experienced by disabled people as a result of living in a disabling society.	
<i>How the process relates to other parts of the system</i>	NASC organisations are the first point of contact.	Connectors support people to plan for and build their life. Funding complements, and builds on, what emerges through this process.	
<i>How the process learns about what a person is seeking</i>	A professional conducts a 'needs assessment' to identify people's prioritised needs and natural supports.	Connectors develop an in-depth understanding of the issues facing disabled people and whānau, and how they would like to be supported to change their life.	
<i>How the process understands what a person is seeking</i>	'Unmet need' which involves: <ul style="list-style-type: none"> Identifying which needs will be considered (eg, to live safely at home) Funding support to meet needs that unpaid natural supports can't. 	<ul style="list-style-type: none"> disabled people identify the purposes they would like funding for through proposals any questions answered by Connectors or through information in disabled people's proposals a Costing tool will be available to assist disabled people to estimate the cost of meeting their particular purposes 	
<i>How allocations are determined</i>	Unmet needs that can be met with the current menu of services.	Within bands, the band determined by 4-6 objective questions.	By estimating funding required to achieve purposes.
<i>How fiscal costs are managed</i>	<ul style="list-style-type: none"> focus support on people with high need limit the needs that are recognised focus on immediate issues tight eligibility criteria closely specify type and quality of services tight control over service prices. 	Limiting the funding available within particular bands, but people can seek additional funding through an exceptions process.	<ul style="list-style-type: none"> provide upfront expectations of what disabled people, whānau and providers can expect from the system ensure that Connectors work with disabled people and their whānau to identify what is most important and what can be achieved within funding constraints developing processes for making fair decisions across the population and moderation and monitoring to ensure that funding allocations stay within the overall budget.
<i>Rules on the use of funding</i>	Detailed specifications for particular services.	People receive a personal budget that they can use flexibly within very broad guidelines. Manage the risk of inappropriate use through a range of tools (eg, monitoring funding ranges), rather than relying on rules.	
<i>Options for purchasing support</i>	Support primarily delivered by contracted providers. People purchase support themselves in limited cases (eg, individualised funding).	People have a range of options, including: <ul style="list-style-type: none"> managing their budget, and arranging for and buying support themselves combining paid and unpaid support seeking assistance managing their budget and buying support support being delivered by providers through flexible disability support contracts. 	