



MEMO

To: Executive Leadership Team (outside of normal meeting cycle)

From: Financial Sustainability Governance Group

Date: 20 December 2023

Security Level:

Limiting 'sensitive expenditure' through flexible funding

Purpose

1. The purpose of this paper is to seek a formal decision to restrict the flexible Purchase Rules to limit sensitive expenditure.

Definition

2. In the context of flexible disability support, sensitive expenditure is defined as:

Expenditure which a third party, not familiar with an individual's situation, may struggle to understand as a disability support.

3. Where there are not effective systems to manage sensitive expenditure, public confidence in the system of flexible funding can generally be shaken.
4. Justifiable sensitive expenditure may also be less appropriate where a change in context requires a greater tone of fiscal restraint generally.

Background

5. Whaikaha needs to be confident that the Disability Support Service is supporting people's most important needs first.
6. In this context, Whaikaha must take a principled approach and has identified that it would be inequitable to continue to support "discretionary purchases", such as overseas travel, while at the same time placing limits on the availability of essential items, such as equipment and modifications that disabled people need to undertake everyday activities or tasks.

7. It will become increasingly difficult to justify such expenditure publicly in the new fiscally constrained environment and the new Government direction signalled.
8. Equitable access, experience of care and outcomes are fundamental under our obligations of the Treaty of Waitangi. As such Whaikaha needs to create an equitable system to support the disabled people and tāngata whaikaha Māori we serve.
9. This proposal signals to the sector our need to take a strong fiscal view, while balancing our commitment to caring about people and families at a system level. This involves considering the impacts of some people being funded to do "discretionary" things while others are not receiving the support they need to do basic things.

Proposal

10. To respond to these concerns, it is proposed ELT formally direct Commissioning Design and Delivery to:
 - a. limit flexible funding sensitive expenditure;
 - b. specifically exclude uses such as overseas travel; and
 - c. introduce stricter decision-making and monitoring of one-off purchases over \$1000.
11. Giving effect to this direction will require changes across the different contracts, terms of service, operational policies, monitoring systems and processes used by different flexible funding products to manage how those products are used. Because of the diversity of these products and systems, implementation will be more complex than simply amending the flexible purchase rules.
12. It is therefore proposed that ELT delegate to the DCE Commissioning Design and Delivery decisions to approve contract, operational policy, and other changes required to give effect to this overall proposal.

Risks

13. s9(2)(g)(i) [REDACTED]
14. It is considered that these risks can best be managed by limiting the scope of support available under Rule One of the flexible Purchase Rules, rather than

applying the rules but excluding particular 'things' from purchase. Appendix One sets out how these scope exclusions could work for IF Respite.

Next Steps

- 15.If you agree to this proposal communication will take place with IF hosts urgently, to advise that Whaikaha will be limiting the scope for sensitive expenditure through flexible funding, and we will commence working with them and Te Whatu Ora (who administer Carer Support payments) to give effect to this direction.
- 16.This same approach will be taken with the EGL sites to move their systems in line with this direction.
- 17.ELT will be updated on progress on a regular basis (bi-monthly) on the specific steps being taken to implement tighter limits on sensitive expenditure.

Recommendations

18.It is recommended you:

Direct Commissioning Design and Delivery to:

Agree/Disagree

- limit flexible funding sensitive expenditure;
- specifically exclude uses such as overseas travel; and
- introduce stricter decision-making and monitoring of one-off purchases over \$1000.

Note that Commissioning Design and Delivery will progress this work as a matter of urgency

Agree/Disagree

Note that Commissioning Design and Delivery will commence discussions with those managing these services as soon as tomorrow if this proposal is approved

Agree/Disagree

Approved

Paula Tesoriero, Whaikaha Chief Executive

Dated: 20 December 2023

Appendix One – Example of scope limitations for IF Respite

1. Under Rule One of the Flexible Purchase Rules, IF Respite would:

a. include:

- i. Paying cost of substituting someone else for the primary caregiver, so that they can take a break;
- ii. Paying expenses others may incur in supporting the disabled person whilst they take a break;
- iii. Paying costs of the disabled person to participate in an activity, which also creates a break for those involved in their support;
- iv. Purchasing items that reduce the need for more regular or substantive breaks;

b. exclude:

- i. Paying costs incurred whilst taking a break (accommodation, travel, food etc.);
- ii. Paying occasionally costs of family activities that build wellbeing (pedicures, massages, etc.);
- iii. Paying the costs of activities/ items/ sporting goods of parental pursuits that invest in their wellbeing;
- iv. Paying costs because family financial position is generally impacted by presence of disability (this has always been excluded).