

Visual description: A green Disability Support Services logo sits to the left of the New Zealand Government crest in black.

MSD Disability Support Services Operational Policy

Management of Hosted Flexible Funding Arrangements

Version 2 Effective from 5 October 2026

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Purpose

- 1 This operational policy applies to hosted flexible funding arrangements. It replaces the 1 April 2026 version and applies to all hosted flexible funding arrangements from 5 October 2026.
- 2 This operational policy:
 - a establishes the framework for hosted flexible funding arrangements;
 - b defines the roles and responsibilities of disabled people, organisations providing hosting services (hosts), Needs Assessment and Service Coordination (NASC) organisations, Enabling Good Lives (EGL) sites, and Disability Support Services (DSS); and
 - c supports the consistent and transparent management of disability support funding.
- 3 When making decisions in relation to this operational policy, hosts, NASCs and EGL sites must take into account the principles set out in the [Disability Support Services Act 2026](#).
- 4 This document should be read in conjunction with the following MSD DSS operational policies, and relevant service specifications:
 - a *Assessment and Allocation of Disability Support Funding*;
 - b *Decision-Making Authority within Hosted Flexible Funding Arrangements*;
 - c *Purchasing Operational Policy*;
 - d *Supporting Compliance within Hosted Flexible Funding Arrangements*; and
 - e *Verification of Claims within Hosted Flexible Funding Arrangements*.

Scope

- 5 This operational policy applies to the following hosted flexible funding arrangements:
 - a Individualised Funding – Personal Care, Household Management, and Respite;
 - b Enhanced Individualised Funding; and
 - c Enabling Good Lives (EGL) Personal Budgets hosted by either a DSS-contracted provider or a Flexible Disability Support provider.

Hosted flexible funding arrangements

- 6 Hosted flexible funding arrangements enable disabled people to exercise choice over the supports purchased using disability support funding allocated by a NASC or EGL site.

- 7 Under these arrangements:
- a DSS establishes the policy and operational framework for hosted flexible funding arrangements;
 - b NASCs and EGL sites determine funding allocations and assign host tiers;
 - c the disabled person determines how their allocated funding will be used within the parameters established by DSS policies and their My DSS Funding Plan; and
 - d a host organisation provides support and administrative services to assist the disabled person to manage their funding.
- 8 Hosted flexible funding arrangements are intended to support flexible and responsive disability supports, while ensuring that funding is used for the purposes for which it was allocated.
- 9 The detailed obligations that apply to participants in hosted flexible funding arrangements are set out in the *Roles and responsibilities* section of this operational policy.

When a hosted flexible funding arrangement may be used

- 10 A hosted flexible funding arrangement may be used where:
- a the disabled person wishes to manage some or all of their disability supports directly;
 - b the arrangement is consistent with the *Assessment and Allocation of Disability Support Funding Operational Policy*; and
 - c there are no restrictions preventing the person from using a hosted flexible funding arrangement under the MSD DSS operational policies listed in paragraph 4.
- 11 A disabled person may choose to use a hosted arrangement where it is suitable for their circumstances and support needs.
- 12 The requirements for establishing and commencing a hosted flexible funding arrangement are set out in the *Referral and commencement of hosting services* section of this operational policy.

Host tiers

- 13 Host tiers are a graduated framework established by DSS to support consistent management of hosted flexible funding arrangements.
- 14 The framework recognises that disabled people require different levels of support, guidance and oversight in managing their funding. The detailed requirements that apply to each tier for both hosts and disabled people are published on the [DSS website](#).

- 15 Host tiers¹ determine the:
- a level of guidance, monitoring and coaching the host must provide to the disabled person to support the appropriate use of allocated funding; and
 - b responsibilities the disabled person must meet in managing their funding allocation.
- 16 The requirements include:
- a how frequently the host and the disabled person engage;
 - b the dollar threshold for when prior approval for purchases is required from the host; and
 - c the level of oversight applied to purchasing and record keeping.
- 17 DSS may modify host tiers over time. DSS will communicate any changes to NASCs, EGL sites and hosts. Hosts must inform the disabled person of any changes to host tiers and the implications of those changes for them.
- 18 Where concerns exist regarding the appropriateness of a host tier level, the disabled person should discuss the matter with the host. Decisions regarding host tier allocation remain the responsibility of the relevant NASC or EGL site.

Decision-making authority

- 19 Unless the context requires otherwise, where responsibilities or decision-making are assigned to a disabled person under this operational policy, this includes a person who a disabled person has appointed as an agent, and a person who has legal authority to act on the disabled person's behalf.
- 20 For information about disabled people appointing an agent, or someone who has legal authority to make decisions on behalf of a disabled person, see MSD DSS Operational Policy *Decision-Making Authority within Hosted Flexible Funding Arrangements*.

Roles and responsibilities

Overarching duty

- 21 The overarching duty of all people with responsibilities relating to hosted flexible funding arrangements is to support the rights, will, preferences, dignity, safety and autonomy of disabled people.
- 22 All parties must give effect to the will and preference of the disabled person, while meeting the other requirements of this operational policy. This requires taking reasonable steps to understand, and be guided by, their best understanding of a disabled person's will and preference.

¹ Host tiers range from Very Low (Tier 1) to High (Tier 4), with higher tiers requiring more frequent engagement and greater level of monitoring and support from the host.

Disabled person

23 The disabled person must:

- a manage their allocated funding to ensure it lasts the full funding period and is used for the purposes set out in their My DSS Funding Plan;
- b comply with the obligations associated with their assigned host tier;
- c use their funding in accordance with the MSD DSS Operational Policy *Assessment and Allocation of Disability Support Funding*;
- d seek approval for purchases where required under applicable operational policies or host tier settings;
- e comply with the MSD DSS Operational Policy and Procedures *Verification of Claims within Hosted Flexible Funding Arrangements*;
- f advise their NASC or EGL site if they have someone with legal authority to act on their behalf or appointed an agent, and provide documentation setting out the extent of the delegated responsibilities and authority;
- g ensure that if any person is employed or contracted to provide supports the arrangement does not pose a risk of harm to either the disabled person or the person providing support;
- h comply with any measures implemented under the MSD DSS Operational Policy and Procedures *Supporting Compliance within Hosted Flexible Funding Arrangements*; and
- i promptly notify their NASC or EGL site if:
 - i their circumstances change in a way that may require a review or variation of their allocation or My DSS Funding Plan;
 - ii they wish to change the purpose for which supports are allocated in their My DSS Funding Plan.

Hosts

24 Hosts must:

- a provide hosting services in accordance with relevant MSD DSS operational policies and service specifications;
- b support the disabled person to understand the responsibilities associated with managing hosted flexible funding, including by providing sufficient information, discussing those responsibilities with the disabled person, and recording that discussion before the disabled person signs the *Host Service Agreement Declaration* (see Appendix 1);
- c support the disabled person to manage their funding in accordance with their My DSS Funding Plan;
- d engage with the disabled person and provide the level of guidance, monitoring and coaching that is required by the assigned host tier;

- e identify, document, and escalate any quality or safeguarding concerns relating to supports funded in accordance with DSS safeguarding processes - further information is available on the DSS website;
- f monitor the use of hosted flexible funding to ensure spending aligns with the disabled person's My DSS Funding Plan and relevant operational policies;
- g ensure that all purchases requiring prior approval are processed in line with the MSD DSS *Purchasing Operational Policy*;
- h respond to and manage concerns regarding the management of hosted flexible funding arrangements in accordance with the MSD DSS *Operational Policy and Procedures Supporting Compliance within Hosted Flexible Funding Arrangements*;
- i provide the disabled person with regular and ongoing access to data about their hosted flexible funding allocation and expenditure against each of those allocations;
- j provide feedback to the NASC or EGL site for the purposes of informing the disabled person's annual review, including:
 - i whether hosted flexible funding has been used in accordance with the My DSS Funding Plan;
 - ii whether the assigned host tier remains appropriate; and
 - iii any changes in the disabled person's circumstances that may affect their hosted flexible funding allocation or supports; and
- k document all disputes, peer review, and complaint activity in the organisation's records system, consistent with the requirements of the *Handling disputes and complaints* and *Privacy, Information handling and record keeping* sections in this operational policy.

25 Hosts must not charge disabled people for services that DSS has contracted the host to provide. Any additional services purchased by the disabled person must be separately agreed and documented.

NASCs and EGL sites

26 NASCs and EGL sites must:

- a provide disabled people considering the option of a hosted flexible funding arrangement with information to enable them to make an informed decision. This may include, but is not limited to, who may not use the option as set out in the MSD DSS *Operational Policy and Procedures Supporting Compliance within Hosted Flexible Funding Arrangements*;
- b provide disabled people with information about different hosts, the services they offer and how these could be accessed; and support a disabled person, where necessary, to change their host;

- c provide relevant information (in accordance with the Privacy Act 2020) to the host where there are concerns relating to the disabled person that may affect management of their hosted flexible funding arrangement;
- d provide hosts with all necessary documentation to undertake their role, including documentation relating to any agents appointed, or people with legal authority to act on behalf of a disabled person;
- e consider any host recommendation that a disabled person's assigned host tier is no longer appropriate and determine whether their tier should be adjusted; and
- f comply with the MSD DSS Operational Policy and Procedures *Supporting Compliance within Hosted Flexible Funding Arrangements*, including engaging with the host to determine the appropriate response to escalated issues.

Disability Support Services

- 27 DSS will set and maintain the host tiers and publish them on its website, and communicate any changes to NASCs, EGL sites and hosts.

Referral and commencement of hosting services

- 28 The NASC or EGL site will refer the disabled person to the host. This will typically occur through the NASC or EGL site sending a service request for acceptance by the host.
- 29 As part of the referral, the NASC or EGL site must provide information to support set-up of the arrangement, including:
- a service authorisation that contains:
 - i funding allocation information;
 - ii an allocated host tier and, where applicable, reasons for any host tier override;²
 - iii service commencement details (start and end dates/allocated funding period);
 - b My DSS Funding Plan;
 - c (where applicable) details of the person who has the legal authority to act on behalf of the disabled person, including written evidence of the arrangement and contact details;
 - d (where applicable) details of the person who is acting as an agent for the disabled person, including written information about the role and responsibilities of the agent, and contact details;
 - e relevant contact and communication preferences of the disabled person;

² An override is a function of the Host Tier Allocation Tool that allows a NASC or EGL site to assign a different host tier from that determined by the tool when circumstances mean the determined tier is not appropriate.

- f any identified risks, safeguards, or other considerations relevant to providing hosting services.
- 30 Hosts should ensure they have sufficient information to support the set-up of the hosting arrangement. Hosts must not commence services without a service authorisation from the NASC or EGL site.
- 31 Where information is incomplete, unclear, or requires clarification, hosts should seek clarification from the NASC or EGL site prior to commencing hosting services.

Establishing the hosting arrangement

- 32 Following referral, the host will make initial contact with the disabled person and arrange a set-up meeting, preferably to be held in person, to establish the hosting arrangement.
- 33 During this process, the host must:
 - a explain the purpose and operation of hosted flexible funding arrangements;
 - b explain the responsibilities of both the host and the disabled person;
 - c explain the requirements associated with the assigned host tier;
 - d provide information relevant to purchasing, making claims, verification and recordkeeping;
 - e ensure the disabled person has reasonable opportunity to ask questions and seek clarification; and
 - f maintain a record of the discussions undertaken.
- 34 Engagement should be conducted in a manner that is accessible, appropriate and responsive to the disabled person's communication needs and preferences.

Commencement requirements

- 35 Before hosting services commence, the host must ensure that a service agreement (or equivalent) and the *Host Service Agreement Declaration* (refer Appendix 1) is completed and signed by the disabled person to formally commence the hosting arrangement.
- 36 The host must be satisfied that the disabled person understands the nature of the arrangement and the responsibilities associated with participating in a hosted flexible funding arrangement.

Handling disputes and complaints

- 37 Hosts must have processes in place for managing disputes and complaints and must make reasonable efforts to resolve them. This includes undertaking

internal and, where appropriate, external peer review to ensure decisions are reviewed objectively and consistently, and in a timely manner.

- 38 Hosts must inform the disabled person, at the start of their engagement and again where a dispute or complaint arises, of their right to provide feedback or make a complaint, and provide information on how to do so, including, but not limited to:
- a the host organisations' own complaints process;
 - b the [complaints process](#) available through DSS; and
 - c the right to make a complaint to the Health and Disability Commissioner.

Privacy, information handling and record keeping

- 39 Hosts and NASCs hold information on behalf of DSS. All personal information collected by hosts, NASCs and EGL sites to fulfil the requirements of this operational policy must be collected, used, held, and disclosed in accordance with the Privacy Act 2020, the Health Information Privacy Code 2020, and the Government Chief Digital Officer's 2025 Information Sharing Standards.
- 40 In meeting these obligations, hosts, NASCs and EGL sites must only collect the personal information necessary for the provision of services, collect it directly from the disabled person (or their authorised representative), wherever practicable, and in ways that do not unreasonably intrude on the personal affairs of the disabled person; and take reasonable steps to ensure information is accurate before relying on it to carry out their associated functions.
- 41 Once information has been entered into the relevant systems and forms the authoritative record, hosts, NASCs and EGL sites must ensure that any duplicate copies or residual records stored on local drives or shared drives are deleted or otherwise securely disposed of.
- 42 Hosts, NASCs and EGL sites must only access and use information about the disabled person where it is necessary to carry out their role under this operational policy and relevant contractual arrangement. Hosts must not access or use information for reasons unrelated to that role, including out of curiosity or interest, and must not access information about individuals they know are outside of their contracted responsibilities.
- 43 Hosts, NASCs and EGL sites must report any actual or suspected privacy breach or incident involving personal information as soon as practicable:
- a Hosts and NASCs must report privacy incidents to their DSS contract manager.
 - b EGL sites must report privacy incidents to privacyofficer@msd.govt.nz.
- 44 On becoming aware of a breach or incident, hosts, NASCs and EGL sites must:

- a take immediate steps reasonably available to contain it and limit harm;
 - b report it without delay;
 - c not attempt to resolve it alone; and
 - d not delete or alter records associated with it.
- 45 Hosts, NASCs and EGL sites must assess whether a breach is notifiable under the Privacy Act 2020 and, if so, notify the Office of the Privacy Commissioner, affected individuals and MSD. Hosts, NASCs and EGL sites will not be penalised for reporting a suspected breach in good faith.
- 46 Hosts, NASCs and EGL sites must report any actual or suspected security incident as soon as practicable:
- a Hosts and NASCs must report security incidents to their DSS contract manager.
 - b EGL sites must report security incidents to IT_Security@MSD.govt.nz.
- 47 Disabled people have the right to access and correct any information held about them by a host.
- 48 Information held about a disabled person must be made available in response to a request for access or correction made in accordance with the Privacy Act 2020, subject to any lawful grounds for withholding. Hosts are responsible for managing Privacy Act requests relating to the information they hold. Where a request relates to information held in DSS systems, the request must be referred to the Privacy Officer (privacyofficer@msd.govt.nz) promptly, as statutory timeframes apply (generally within 20 working days of receipt).
- 49 If the authorised auditors identify any non-compliance issues, as set out in MSD DSS operational policies relating to hosted flexible funding arrangements, the auditors will provide a report to DSS outlining the findings and any recommendations. The report will be made available to the disabled person, the host and NASC or EGL site, as appropriate.

Glossary: Terms and definitions

Term	Description
Agent	A person authorised by a disabled person, who has decision-making capacity in relation to appointing an agent, to act on their behalf in specified matters. An agent does not become the decision-maker unless they hold legal authority to do so.
Allocated funding	The level of funding allocated to a disabled person by a NASC or EGL site to be managed through one of the arrangements specified in this operational policy.
Disability Support Services (DSS)	A business group within the Ministry of Social Development (MSD).
Enabling Good Lives (EGL) site	Three initiatives in which the support offered is based on the EGL vision and principles: EGL Christchurch, EGL Waikato and Mana Whaikaha (in the MidCentral region).
Host	An organisation contracted or funded by DSS to provide host services; or a Flexible Disability Support provider when they are offering host services.
Host tier	A tier level assigned to a disabled person (using a hosted funding arrangement) by a NASC or EGL site, using the Host Tier Allocation Tool. The tier determines the level of guidance and support a host provides and sets out the expectations for both the host and the disabled person in managing the funding.
My DSS Funding Plan	An agreement with a NASC or EGL site setting out how the disabled person agrees to use the funding they have been allocated. The agreement may take several forms: • Where people have received a new allocation of support, or had their support allocation reviewed or reassessed, on or after 1 April 2026, the My DSS Funding Plan described in the MSD <i>DSS Assessment and Allocation of Disability Support Funding Operational Policy</i>. • Where people have existing support allocations on 1 April 2026 but have not had their allocations reviewed or reassessed under the MSD <i>DSS Assessment and Allocation of Disability Support Funding Operational Policy</i>:

Term	Description
	○ Individual Service Plans for an Individualised Funding allocation, or ○ Support Agreement and/or EGL Funding Plan for an EGL Personal Budget.
Needs Assessment and Service Coordination (NASC) organisation	Organisations that are contracted to DSS to carry out needs assessments, coordinate services to meet those needs, allocate supports and services funded by DSS that respond to needs, and manage the allocation of support within their region's annual budgets.

Appendix One: Host Service Agreement Declaration

Host Service Agreement Declaration

Disability Support Services (DSS), a business group within the Ministry of Social Development (MSD), provides disability support funding to eligible disabled people.

I have chosen to manage some or all of my allocated funding through a hosted flexible funding arrangement. I understand that this arrangement gives me flexibility in how my supports are purchased and requires me to meet certain responsibilities to ensure that public funding is used appropriately.

I have read, or had explained to me, my obligations under the declaration and understand what I need to do while I am receiving payments. By signing this declaration, I acknowledge and agree that:

1. Responsibility for using my funding
I am responsible for using my funding in accordance with: • My DSS Funding Plan; and • applicable MSD DSS operational policies and procedures.
2. Claims and verification
I will submit accurate and complete claims to my host and provide all information reasonably required to enable verification of those claims.
3. Employment and contracting obligations
If I use allocated funding to employ or contract support workers, I acknowledge that I am responsible for meeting applicable employment, tax, and related legal obligations.
4. Record keeping
I will keep records sufficient to demonstrate that my allocated funding has been used appropriately and in accordance with MSD DSS operational policies. If I employ or contract support workers, I will also keep records required under applicable employment and tax legislation.
5. Audits and assurance
I acknowledge that Health New Zealand and MSD DSS may undertake assurance or audit activities in relation to my hosted flexible funding arrangement.

I agree to cooperate with reasonable requests for information that are relevant to verifying compliance with MSD DSS operational policies and are made in accordance with the Privacy Act 2020.
6. Consequences of non-compliance
I understand that if I knowingly provide false or misleading information, or do not comply with the requirements of MSD DSS operational policies, DSS may take action in accordance with the MSD DSS Operational Policy and Procedures <i>Supporting Compliance with Hosted Flexible Funding Arrangements</i>

This declaration must be completed by the disabled person, their agent or a person with legal authority to act on their behalf.

Name of disabled person:
Signature:
Date of birth:
Address: Phone number: Email address:
Name of agent or person with legal authority to act on behalf of the disabled person (if applicable):
Signature: Phone number: Email address:

Date: