

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

Effective from 1 April 2026

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Purpose

1. This operational policy applies to hosted flexible funding arrangements from 1 April 2026.
2. Hosted flexible funding arrangements are arrangements where a disabled person manages their disability support funding with the assistance of a host. A host is a Disability Support Services (DSS)-contracted provider who assists a disabled person to purchase and manage their funding allocation.

Scope of this policy

3. This operational policy gives effect to some of Cabinet's July 2025 decisions on "Actions to Stabilise Disability Support Services: Assessment, Allocation and Flexible Funding" [SOU-25-MIN-0088]. Specifically, decisions relating to introducing a tiered framework of support for disabled people managing their funding under hosted flexible funding arrangements.
4. This operational policy applies to the following hosted flexible funding arrangements:
 - a. Individualised Funding (IF) – Personal Care, Household Management, and Respite;
 - b. Enhanced IF; and
 - c. Hosted Enabling Good Lives (EGL) Personal Budgets.

Hosted flexible funding arrangements

5. Hosted flexible funding arrangements have the following essential features:
 - a. Disabled people have responsibility for, and decision-making authority over, purchasing goods and services with the disability support funding they are allocated by a Needs Assessment Service Coordination (NASC) organisation or an Enabling Good Lives (EGL) site.
 - a. Host organisations are contracted and paid by DSS to provide support to the disabled person for the use of their allocated funding, in accordance with their assigned host tier (as set out in the MSD DSS [Assessment and Allocation of Disability Support Funding Operational Policy](#)).
 - b. The MSD DSS [Purchasing Operational Policy](#) sets the general conditions that expenditure must comply with and identifies the types of supports that require prior approval from hosts.
 - b. Hosts monitor the use of hosted flexible funding arrangements against the purposes in a My DSS Funding Plan, and provide regular reporting on expenditure to NASCs and EGL.

- c. Hosts provide information to NASCs and EGL sites to support the annual review of a disabled person's funding use and assigned host tier.
- 6. The different requirements of disabled people and hosts are described further in the *Roles and responsibilities* section.
- 7. Disabled people may also appoint an agent to assist them to meet their responsibilities. Where responsibilities or decision-making are assigned to a disabled person under this operational policy, this includes the disabled person or a person with authority to act on their behalf, such as a guardian or an agent.

Who may use hosted flexible funding arrangements

- 8. A disabled person may use a hosted flexible funding arrangement when the following circumstances apply:
 - a. They wish to purchase support with some or all the funding they are allocated by a NASC or EGL site, which is subject to a tiered framework of support.
 - c. The use of a hosted flexible funding arrangement is consistent with the MSD DSS [Assessment and Allocation of Disability Support Funding Operational Policy](#).
 - b. Their use of a hosted flexible funding arrangement is not prohibited under the MSD DSS [Restrictions on Access to Hosted Budgets Operational Policy](#).
- 9. The MSD DSS [Restrictions on Access to Hosted Budgets Operational Policy](#) may also lead to limitations being placed on a disabled person's use of hosted flexible funding arrangement.

Host tiers

- 10. Host tiers set out a graduated framework that determines:
 - a. the level of guidance, monitoring and coaching the host must provide to the disabled person; and
 - b. the responsibilities the disabled person must meet in managing their hosted funding allocation.
- 11. The requirements vary by tier and include, but are not limited to:
 - a. how frequently the host and the disabled person must connect
 - b. the level of proactive guidance, coaching and mentoring the host must provide

- c. the dollar threshold for when prior approval for purchases is required from the host
 - d. the level of oversight applied to purchasing and record keeping.
- 12. 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.
- 13. Host tiers are determined by NASCs and EGL sites. The detailed requirements that apply to each tier for both hosts and disabled people are published on DSS Website.
- 14. Host tiers may be modified over time. DSS will communicate any changes to host tiers to hosts, NASCs, and EGL sites.
- 15. Hosts must inform the disabled person of any changes to host tiers and the implications of those changes for them.

Agents and guardians

- 2 Where a disabled person has legal capacity and appoints an agent, they must provide, or arrange to be provided, evidence of the appointment to their NASC or EGL site and their host. The evidence must clearly set out the roles and responsibilities that the agent is authorised to carry out.
- 16. Written evidence of any guardian arrangement put in place under the Protection of Personal and Property Rights Act 1988 and Care of Children Act 2004 must be provided to the NASC or EGL site and host by the disabled person, or a person acting on their behalf.
- 17. Disability support services must not be withheld from a disabled person where a lack of capacity is suspected. In such circumstances, hosts must take appropriate steps with relevant disability service providers to apply the Code of Health and Disability Services Consumers Rights as required for the provision of services.
- 18. An agent may not be paid for carrying out their role as an agent from a disabled person's funding allocation, with the exception of a recognition payment of up to \$300 every 12 months that may be made to cover reasonable expenses incurred by carrying out responsibilities.

Roles and responsibilities

Overarching duty

19. The overarching duty of all people with responsibilities relating to hosted funding is to give effect to the will and preference of the disabled person,¹ 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.

Disabled Person

20. The disabled person must:
- a. manage their funding allocation so that it lasts the full funding period and is used for the purposes set out in their My DSS Funding Plan;
 - a. use their funding in accordance with the MSD DSS [Purchasing Operational Policy](#), including seeking prior approval for purchases that require it;
 - b. comply with the obligations associated with their assigned host tier, including cooperating and engaging with their host;
 - c. make and retain full and accurate records of all funds received and expenditure incurred;
 - d. comply with relevant legislative requirements, including those relating to employment and taxation;
 - e. comply with the MSD DSS [Guideline for Verification of Supports within Hosted Funding Schemes and Direct Fundholding: Disability Support Services Operational Procedures](#) and provide accurate information as required;
 - f. cooperate with any audits related to their hosted flexible funding allocation;
 - g. advise their NASC or EGL site and their host if they have appointed an agent (if they have capacity to do so) and provide documentation setting out the extent of the agent's responsibilities and authority; and
 - h. 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, or
 - ii. they wish to change the purpose for which supports are allocated in their My DSS Funding Plan.

¹ Generally, a person's will is their enduring set of intentions and goals, and their preferences are their desires or choices which may change over time.

Agents

21. An agent supporting a disabled person must:
- a. have a written agreement in place that sets out the extent of their responsibilities in relation to a hosted flexible funding arrangement;
 - b. act within the scope of authority set out in their written agreement with the disabled person;
 - c. not pay themselves from the disabled person's funding allocation as an agent, except as permitted under paragraph 19; and
 - d. support the disabled person to meet their host tier obligations.

Hosts

22. Hosts must:
- a. support the disabled person to manage their funding in accordance with their My DSS Funding Plan;
 - b. connect with the disabled person and provide the level of guidance, monitoring and coaching that is required by the assigned host tier;
 - c. monitor the use of hosted flexible funding to ensure spending aligns with the disabled person's My DSS Funding Plan and relevant operational policies;
 - b. ensure that all purchases requiring prior approval are processed in line with the MSD DSS [Purchasing Operational Policy](#);
 - d. not charge the disabled person for any services they are contracted by DSS to provide;
 - e. comply with the MSD DSS [Guideline for Verification of Supports within Hosted Funding Schemes and Direct Fundholding: Disability Support Services Operational Procedures](#);
 - f. comply with all relevant operational procedures, and practice guidelines;
 - g. respond to and manage concerns regarding the management of hosted flexible funding arrangements in accordance with the MSD DSS [Restrictions on Access to Hosted Budgets Operational Policy](#).
 - h. provide the disabled person with regular and ongoing access to data about their hosted flexible funding allocation and expenditure against each of those allocations.
 - i. 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.
- j. document all dispute, 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 below.

23. A host may provide services to a disabled person that are over and above those required under their DSS contract, if the disabled person requests and contracts them to do so.

NASCS and EGL sites

24. NASCs and EGL sites must:

- a. 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;
- b. support a disabled person, where necessary, to change their host;
- c. 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
- d. comply with the MSD DSS [Restrictions on Access to Hosted Budgets Operational Policy](#), including engaging with the host to determine the appropriate response to escalated issues.

Disability Support Services

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

Handling disputes and complaints

- 26. 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.
- 27. 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:
 - 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

- 28. Information collected by hosts, NASCs and EGL sites to fulfil the requirements of this operational policy must be handled and managed in accordance with the Privacy Act 2020, the Health Information Privacy Code 2020, Public Records Act 2005, Digital.Govt.NZ's Standard for information sharing with third parties, all applicable laws and the temporary care records protection instruction and any general notice or instruction issued by Archives New Zealand (Archive Instruction) and any information security requirements. For NASCs, the requirements of the NASC Service Specification – DSS Needs Assessment and Service Co-ordination (DSS1040) Including Discretionary Funding (DSS1039D) also apply.
- 29. Information held about a disabled person may be shared with providers or parties involved in determining and delivering supports only with the disabled person's consent, or where otherwise permitted under the Privacy Act 2020, and only to the extent necessary for those parties to carry out their functions.
- 30. Information held about a disabled person may be shared with parties involved in determining and delivering supports, but only to the extent necessary for them to carry out those functions and in accordance with all applicable laws.

Glossary: Terms and definitions

Term	Description
Agent	A person authorised by a disabled person (who has legal capacity) to act on their behalf.
Disability Support Services (DSS)	A business group within the Ministry of Social Development (MSD).
Funding allocation	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.
Guardian	A person who has legal authority to make decisions on behalf of the disabled person. This includes a guardian of a child appointed under the Care of Children Act 2004, and a welfare guardian appointed for an adult under the Protection of Personal and Property Rights Act 1988.
Host	An organisation contracted to 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 and EGL sites, using the Host Tier Allocation Tool. The tier determines the level of guidance, and support the host provides, and sets 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 DSS Assessment and Allocation Policy. • Where people have existing support allocations on 1 April 2026 but have not had their allocations reviewed or reassessed under the MSD DSS Assessment and Allocation of Disability Support Funding Operational Policy:

Term	Description
	○ Individual Service Plans for an Individualised Funding allocation. ○ Support Agreement and/or EGL Funding Plan for an EGL Personal Budget.
Needs Assessment and Service Coordination organisation (NASC)	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 managing the allocation of support within their region's annual budgets.

