

CHANGE MANAGEMENT & DISABILITY CARE

Key findings and
recommendations

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Please note:

The National Disability Insurance Scheme (NDIS) was renamed DisabilityCare Australia on 18 March 2013. Both names are used interchangeably throughout this report.

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SUMMARY

This Workforce Change Management Strategy is a necessary and considered response to the changes to the disability sector workforce likely to be brought about by the implementation of DisabilityCare. This strategy outlines the key issues that are likely to affect the disability workforce, and recommends responses at a national and service-provider level to successfully manage these changes.

The strategy is informed by relevant research, focus groups and an Advisory Committee of key stakeholders in the disability sector. It includes recommendations to government on how to best address sector-wide concerns of these stakeholders, as well as a change management tool directed at assisting individual service providers to implement organisational changes that will help their businesses adapt to DisabilityCare.

The strategy is directed at the likely effects of DisabilityCare's major changes to the disability sector: a person-centred approach, and the move from block-funding to an individualised funding model. However, it also acknowledges that many details of DisabilityCare are unclear at this time. As such the strategy addresses:

- Uncertainty regarding the details of DisabilityCare, and what steps service providers can take now to alleviate concern and prepare for future changes
- Developing effective workforce strategies to increase the capacity of the workforce across the sector and within service provider organisations
- Adjusting to the individualised funding model, including direct employment, quality standards, service provider organisational culture and working in a competitive market place
- Adapting to the financial implications of DisabilityCare by implementing unit-cost pricing
- Increasing the participation of people with a disability in the disability service workforce

The DisabilityCare Change Management Tool for service providers will advise on how to implement this strategy at a service provider level, and provide HR and financial planning advice and links.

This strategy takes into account input from relevant stakeholders in the disability workforce and aims to prepare government and service providers to successfully manage the workforce changes brought about by DisabilityCare

FOREWORD

The National Disability Insurance Scheme (NDIS) was put forward by the Productivity Commission in its report 'Disability Care and Support', which was submitted to Government on 31 July 2011 and publicly released by the Prime Minister on 10 August 2011.

This project was funded under the Practical Design Fund (PDF). The PDF is a grants program that forms part of the Australian Government's commitment to support initiatives and resources that identify practical ways to prepare people with disability, their families and carers, the disability sector and workforce for the transition to a NDIS. The intention of the PDF is to fill the gap in detail of the NDIS, by tapping into ***“existing sector knowledge and expertise to identify practical solutions and innovative approaches”***.

TLConsult were charged with developing a Change Management Strategy that will provide guidance, tools and resources to disability support organisations to assist them to achieve an increase and skilling of the workforce and to foster organisational change.

PROJECT TEAM

Tom Pagonis

Tom has a 25-year track record in Project and Change Management; he has extensive experience in developing solutions to complex industry change initiatives in the public and private sector, both in metropolitan and rural contexts. Tom successfully implemented the Our Forests Our Future scheme, the \$110M government program to redeploy Victorian timber industry workers.

Tom can identify barriers to change, and formulate practical and cost-effective change solutions. He also has experience in executive training, tertiary education governance, policy development, and evaluation and testing of practical applications.

Liz Kelly

Liz has worked in human resources and financial management across a broad range of industries in the private sector for over 20 years. As Chief Financial Officer of a large corporation, she headed a department of 200 staff and a \$250 million operating budget. Liz is a parent of a child with a disability, is the past president of the Association of Children with a Disability (ACD), a board member of Children with Disabilities Australia (CDA), a current member of the Victorian Disability Services Board and the Victorian Disability Advisory Council.

Tom and Liz have engaged an experienced project team

Polly Walker- Dorras

Polly has worked as a consultant with TLConsult for over a year, providing strategic HR and Industrial Relations support and advice to a variety of clients. She is currently completing her Graduate Diploma in Legal Practice at the Australian National University.

She has previously worked as a project officer for the Victorian Association for the Care and Resettlement of Offenders, where she was charged with writing a plain language guide to prisoner legal issues and conducted project scoping and project design work.

Polly has also completed several internships including an observation placement at the Melbourne Magistrates Court, and practical legal placements at the Western Suburbs Legal Clinic and Ringwood LegalAid.

She completed her LLB (Honours) at Deakin University, where she also worked as an academic support worker with the Disability Resource Centre. Polly served on the Deakin University Student Association board for two years as Welfare Director and Vice President. As part of the board, Polly oversaw the implementation of major organisational change.

Catherine Caruana

Catherine provides research services and writing solutions for government, business and community organisations.

As a lawyer, researcher and published writer, Catherine brings to her work 25 years' experience in legal practice, social and legal research, policy formulation, knowledge translation and community development.

She has written for ministers, magistrates, private consultants and publications in print and online.

Christian Astourian

Christian works full time as a coordinator for Diversity and Disability, which is a self-advocacy program for people with a disability from a non-English speaking background run from the Migrant Resource Centre North West in St Albans. Christian is Deputy Vice President and a member of the People and Governance Committee. He fluently speaks 4 languages.

He sits on the Disability Advisory Committee for the Melbourne City Council and the State government Disability Service Board with the Disability Service Commissioner. He is also a board member for Arts Access Victoria and at federal level he is the chairperson of the disability advisory committee for the Federation of Ethnic Community Councils of Australia.

John Monroe

John has previous experience working in legal research and HR policy. He has sat on the board of, and provided policy advice to, the Monash Student Association as a student representative studying the Bachelor of Laws. He has undertaken legal research and writing for a Melbourne law firm, and taken part in several reviews of academic policies.

He brings to this project his skills in policy writing, and his experience of consulting with, surveying and representing groups facing disadvantage.

Katherine Hardy

Katherine has worked for TLConsult as a Project Officer/ Operations Manager. Katherine brings her experience from the telecommunications and health insurance industries, as well as substantial advocacy experience due to her work on various student representative bodies while at University. She has strong organisational skills and an academic background in Politics and Spanish.

BACKGROUND

The report by the Productivity Commission, 'Disability Care and Support' confirmed what the majority of people with a disability, their families and carers know from lived experience i.e., that disability support in Australia is "underfunded, unfair, fragmented and inefficient" (*Productivity Commission, 2011, p.3*).

The focus of disability service provision today is predominantly based on "relationships between government agencies and service providers and less (on) those between people with a disability and providers" (*Productivity Commission, 2011, 472*).

An overview of the sector

The disability services sector is a diverse one, providing goods and support services aimed at assisting people with a wide spectrum of support needs. As the Productivity Commission report (2011, 474) outlined, there are six main types of disability support services:

- Accommodation Support;
- Community Support;
- Community Access;
- Respite Services;
- Employment Services; and
- Advocacy, information and alternative forms of communication.

Although all states and territories in Australia have introduced individualised funding options, the models differ from state to state, and tend to be restricted to certain types of supports. The majority of disability support services are still funded through 'block funding' arrangements. The Productivity Commission (2011, 472) identified that the block funding of services can result in people with a disability being "passive recipients" with little choice in the support services available to them. Further, it noted that funding provided is often insufficient to adequately service the needs of consumers and restricts the ability of service providers to develop innovative and flexible practices.

THE WORKFORCE NUMBERS

70k

estimated disability sector employees

(34,000 full time equivalents)

the workforce is made up of:

62%

non-professionals

25%

managers and coordinators

12%

professional staff

80%

are female staff

The workforce

The disability sector workforce constitutes a wide range of employees, including managers, health and social professionals, and non-professionals such as personal carers, domestic assistants, home support workers and community care workers. Given the diversity of the sector, the exact number of employees within the sector is not known. The Productivity Commission estimates that there are around 70,000 (34,000 full time equivalents) employees within the disability sector. The majority of these employees are non-professionals (62%), with managers and coordinators making up 25% and professional staff constituting the remaining 12%. Non-Government agencies are the biggest employers in the sector, employing around three quarters of the workforce. Government run agencies employ around 22% of the workforce, and private providers around 5%.

The workforce is predominantly female. A recent sector-wide survey undertaken by Martin and Healy, estimates that females make up 80% of the workforce. There are few younger workers within the sector, with the majority of workers being middle aged.

There is a lot of part-time or casual work being done within the sector, with 85% of respondents to the 2010 survey stating they were part-time or casual. The Productivity Commission notes that it is not unusual for workers within this sector to work two or more jobs at a time.

Wages within the sector are evidenced to be low as compared to workers outside the community sector. Workers employed in the government sector receive higher wages than those in the community sector. Within the community sector, lower wages appear to be attributed to a reliance on the award rates, lower bargaining power and lower amounts of overtime worked. Although research (*Martin and Healy 2010*) indicates that pay was not a large factor in why people were attracted to their positions or chose to leave their roles, general satisfaction with wages was lower than average. Further, a survey of community workers conducted by the ASU indicated that 40% of those who were planning to leave the disability sector cited low pay as the reason. It is noted that the recent Fair Work Australia gender pay equity decision may have had an impact on increasing of current wages in the sector, although exact data at this early stage is hard to obtain.

The majority of non-professional workers have a Certificate level qualification, and the take-up of accredited courses appears to have grown in recent years indicating a growth in the importance of training.

There is a high turnover within the sector. The productivity commission report identifies that this can be attributed to a number of factors beyond low pay, including: the physical and emotional demands of the work, or the fact that work is often undertaken by transient workers such as university students.

A new landscape

DisabilityCare, by contrast to historic disability funding models, employs an individual funding model predicated on principles of individual rights and dignity, choice and competition. It places control over funds in the hands of individual service users and aims to bring about fundamental shifts in the way that disability services and supports are provided.

Achieving the goals of DisabilityCare will be reliant on the capacity of service providers to adapt to the new frameworks, and having a workforce that is able to meet a predicted increase in demand for services.

This report identifies the challenges in implementing systemic changes, and makes recommendations that:

- ensures the system is supported by an adequate and skilled workforce;
- identifies change management strategies for service providers;
- provides national strategies to enable a broader response to the new funding regime.

PROJECT ACTIVITIES

The following outlines the methodology adopted for this project and the various stages of inquiry and development. TLConsult combined its considerable experience in advising organisations on HR, conflict resolution and change-management with targeted research, focus groups with disability organisations, workers and people with a disability, with an expert panel of key stakeholders.

Research

We undertook a targeted literature review, researching the impacts that the adoption of individualised funding ('IF') has had on care-based service-provider workforces, with a strong focus on the disability sector. This review compared several international and local implementations of IF, focussing on the UK, USA, Europe and Victoria.

There existed some research on the positive and negative effects of IF on carer workforces and service-provider organisations. There were also studies of the broader social implications of IF and the direct employment of support workers by support-users. This research focussed on how the effects on the workforce differed depending on which IF model was implemented and what restrictions were placed on IF.

There has been almost no literature which discusses strategies that have been adopted by organisations or governments to cope with these effects, or whether any such strategies were effective. As such, the review was important in giving us an idea of what to expect as DisabilityCare is implemented, but provided little guidance as to what strategies should be adopted in managing the change.

This shows the importance of this project in assisting organisations and government with managing the changes resulting from the adoption of DisabilityCare.

Other research included a review of the working conditions and awards for the disability workforce. This was important in assessing the way disability service providers and their staff currently operate, and helped form the basis of our recommendations regarding effective workforce strategies.

Research was also conducted into best practice HR strategies for dealing with change management, staff retention, training, and consultation, which was essential in creating a tool to assist service providers in adapting to the changes of DisabilityCare.

Focus groups

Additional one-off consultations were conducted with various stakeholders within the sector. These consultations asked participants to outline their views on the changes that service providers would need to make to adapt to DisabilityCare. Participants were asked to outline their perspective on potential challenges and risks that service providers would encounter in making these changes.

The consultations were conducted with the following stakeholders:

- Spinal Cord Injuries Australia (NSW)
- Endeavour Foundation (Ayr and Brisbane)
- Noah's Ark (Victoria)
- Support workers in the sector
- The Department of Families, Housing, Community Services and Indigenous Affairs
- Disability and Diversity
- Brainlink (Victoria)
- NEDA
- VicDeaf
- Ethnic Disability Advisory Service (WA)

Expert panel

The project has been steered by an Advisory Committee comprising of individuals with personal experience of disability, professionals working in the disability sector, and individuals with expertise relating to workforce and organisational issues.

Lloyd Williams

State Secretary Health and Community Services Union

Tricia Malowney

Systemic Advocate

Christian Astourian

Manager of Disability and Diversity

Scott Sheppard

CEO ABLE Australia

Anne Muir

Manager Villa Maria Early Childhood Intervention Service

Cara Scott

Parent of a child with a disability-
Convener of My Time playgroup
Villa Maria

Meetings of this expert panel first identified and discussed risks that emerged from prior research and from the experiences of the representatives involved. The panel discussed practical strategies to assist with change management in response to DisabilityCare, both from a broad sector-wide level and at the level of individual service providers.

The broad range of stakeholders involved in this committee ensured that all relevant viewpoints were considered, and that the changes to the workforce brought on by DisabilityCare will have proper regard for the rights of individuals with a disability and workers in the disability sector, as well as the business needs of disability service providers.

KEY FINDINGS

The key findings outlined below are the result of a review of relevant literature, meetings of the Advisory Committee and consultations with stakeholder groups. Broadly, the findings isolate the major risk areas and key themes in relation to change management and workforce planning. Strategies for managing these risks are outlined in the recommendations section of this report.

Uncertainty

A significant issue facing service providers who are considering planning around DisabilityCare implementation is that much of the detail around how the scheme will work in practice is unknown.

It is unclear at this early stage what the uptake of individual funding will be. Evidence from direct payment programs in the United Kingdom indicates that uptake of individual funding may be slow, at least in the initial phases of DisabilityCare (Wilberforce et al, 2011). The UK experience further indicates that individual funding arrangements may be more popular with certain groups than others. Direct payments in the UK were resisted particularly by those in the older demographic, and, within pilot individual budget programs, this demographic was also unlikely to use individual budgets to change their existing care arrangements (Wilberforce et al, 2011). This uncertainty has significant implications for determining how funding for services will be allocated.

The financial adequacy of individual funding arrangements is unknown. Although DisabilityCare provides for funding to be granted for “reasonable and necessary supports”, it is unknown whether the value attributed to those supports will reflect the true costs of service provision. Early findings in a review of the UK individual budget pilot programs suggested that funding allocation, particularly for older people, was insufficient to meet all but the more basic needs (Wilberforce et al, 2011). It appeared that individual budgets, at least in the older demographic, were spent on personal care and support, often maintaining the pre-existing arrangements, rather than sourcing additional supports from outside the sector (Cortis et al, 2013). Again, this uncertainty raises difficulties for service providers in planning for the financial adjustments that need to be made.

Uncertainty exists in predicting the potential increase in demand for services with the introduction of DisabilityCare. Although the evidence is mixed, many stakeholders have stated that there is already a skills shortage within the disability sector. The Productivity Commission report (2011) highlights that the NDIS is expected to bring about a significant increase in demand for services. The size of that increase and the rapidity with which it will come about is unknown, creating difficulties for service providers in accurately undertaking workforce planning.

A clear risk surrounding this level of uncertainty is that service providers will delay planning or implementing change processes. While not all of the changes that an organisation will need to make can be implemented in these early stages, to delay planning for change may result in service providers being under equipped to provide the necessary flexibility and person-centred supports they will need to underpin DisabilityCare.

‘...I don’t know what my future work prospects will be...’

Our consultations suggest that this uncertainty may be having an impact on workers’ engagement. Workers we consulted expressed a desire to know more about DisabilityCare and its potential impact on their roles, suggesting that some service providers have not begun internal consultation processes. As one worker stated “I don’t know what my future work prospects will be”. Indeed, some (though not the majority) of the service providers consulted indicated that they felt it was too early to begin consultation processes with staff. They expressed that it would be easier to consult with staff in the next six to twelve months when the changes that needed to be made were more apparent. Evidence suggests however, that extensive consultation with staff in the embryonic stages of change is more likely to lead to effective organisational change (Gollan, 2012).

Workforce issues

There is expected to be an increase in demand for disability services. Even without this increase, the sector faces a shortage of labour with workforce ageing. The Industry Skills Council (2010) outlined that most workers in the community services sector are aged between 45-64. In a sector with a high turnover and traditionally low wages, questions arise as to how a skills shortage will be addressed.

There is some risk that, without a targeted and holistic effort to make the sector more attractive to jobseekers, high levels of casual staffing will plug the shortage and potentially a ‘grey labour market’ will emerge. The implementation of ‘cash for care’ schemes in the aged sector across Europe demonstrates that this is not a remote risk. The Europe-wide move towards cash benefits for care services combined with the growth in the ageing population led to an increase in demand for services. Evidence suggests that a significant proportion of this demand is being met by migrant workers, often in unregistered or unregulated employment (Anderson, 2012). The exact size of the ‘grey market’ in care provision in Europe is unknown. It is estimated that in 2008, 100,000 migrants were providing care work to the elderly in Germany. In 2010, in Italy this estimate was 700,000 (Anderson, 2012).

KEY FINDINGS

CONTINUED

There is concern that the emergence of a grey labour market in the sector would further lower working conditions. As service providers will be competing with the grey market for individual funds, evidence indicates that financial pressures (such as the need to compete with lower priced 'informal' services) on providers are often passed on to workers in the form of reducing pay, conditions, training options and security of tenure (Cortis et al, 2013).

Our consultations have emphasised that for DisabilityCare, to be successful, it needs to be underpinned by an appropriately skilled and valued workforce. Indeed, individual funding models have been considered to change the skills required from front-line workers (Cortis et al, 2013). To embody the person-centred approach required by DisabilityCare, front-line workers need to be multi-skilled and be able to address 'whole of life' needs (Cortis et al, 2013). Essential too is an understanding of the rights of people with a disability and demonstrating that in the support-worker role.

It was highlighted to enable the desired outcomes of DisabilityCare, a national recruitment strategy will be essential. Such a strategy should address how to make the sector more attractive to jobseekers.

Low pay and conditions

Low pay and conditions are considered to be a significant barrier in attracting new skilled workers. It was emphasised that most people working in the disability services sector do so because they find the work interesting and because they care about the welfare of people with disabilities. The personal challenge and reward of working with people with disabilities provides a high level of job satisfaction, although funding for the sector and remuneration is a major source of frustration for employees. Many employees believe that their remuneration is not reflective of the quality and quantity of the work they do. However, the frustration stems not only from low earnings but also from the lack of funding available to better the quality of support given. This trade-off between personal reward and financial resource is reflected in employees' future intentions about their careers in the disability services sector.

It was emphasised that a large proportion of respondents are willing to remain in the sector over the short term, but fewer are willing to continue over the longer term.

Training and development

Training in the disability services sector currently draws on elements of formal, non-formal and informal training. It was highlighted that training could be improved by formally combining these elements. Training is only available for developing minimum core skills. Ongoing training is largely client-specific, based on an impairment model of capacity building. It is left to individual organisations to fund learning and development associated with more expansive forms of practice.

- Currently many aspects of vocational education and training draw on informal learning in the workplace, while some draw on non-formal induction training provided by the organisation.
- By and large, training determination is employer-led, resulting in fragmentation of training provision across the sector.
- Service providers have significant latitude in the level of training and workforce development they provide, with the level of coordination provided by government varying from state/territory to state/territory.

This fragmented and impairment-driven approach undermines the ability of the sector to develop its workforce capacity.

Formalising a training and development criteria will ensure workers receive quality and requisite learning. Doing this would depend on increased regulation of training delivery, ensuring that workers were receiving the workplace training necessary as well as institutional learning. This increased regulation would be beneficial in a training sector that is often characterised by poor-quality provision.

Demonstrated career pathways and professional development opportunities have been identified as the key to attracting job seekers, retaining staff, and maintaining quality service provision. These need to be cultivated both at a local provider level and a sector wide level. Particular attention needs to be given to the direct-employment scenario. Evidence from the UK indicated that individual budgets were not sufficient to cover training and development in direct employment (Cortis et al, 2013). Additionally "*some consumers directly employing personal assistants with direct payments do not see it as their responsibility to train and develop personal assistants' skills, especially where work is considered casual or informal.*" (Cortis et al, 2013, 32).

It was identified that the networks with peers is at risk of being lost when people are directly employed by a person with a disability or their family. Workers interviewed expressed the importance of informal learning that exists within teams. They appreciated the chance to debrief about challenges, share ideas and give and seek give advice with their colleagues.

Working as a sole direct care worker for one person or family via a direct employment contract may mean that informal learning provided by being part of a team could be at jeopardy if the worker is isolated and working independently.

Marketing the sector

People with a disability involved in this project have stressed the need for recruitment strategies to attract a workforce who, at the bare minimum, have an understanding of human rights principles and how these are embodied in disability support work.

...it is not about care, it's about understanding rights...

All participants were unanimous in their view that a recruitment strategy needs to be developed which aims to lift the profile of the disability services sector within the community. The disability sector should be visible to help ensure government and the community recognise the value of the sector as an important area for support.

It was highlighted that in comparison to other sectors, such as aged care, the disability services sector is not particularly "visible" in the community. This has implications for the sector's services in terms of the Government's funding priorities and also in relation to attracting and retaining good staff. There are a number of ways in which the profile of the sector can be lifted. These include education campaigns at schools and to the broader community and advertisements in various media (e.g. newspapers, television and radio).

Models such as 'Skills for Care' in the UK and 'Care Careers' in NSW provide guidance for broad marketing strategies. Our consultations indicate generally that these models can be effective, although feedback received indicates that more needs to be done in reaching beyond those who would naturally consider working in the sector. This will require the support of Government, while other associations, including relevant peak industry associations could also help to lift the profile of the sector to business and the community.

Service providers on a local level will need to review their recruitment and retention strategies, focusing on their ability to compete in the recruitment market. To gain competitive advantage, providers should focus on marketing themselves as 'Employers of Choice' in the sector. The Advisory Committee devised Employer of Choice characteristics, which have been included in the change management tool.

Our findings illustrate that rural and regional employers face more acute skills shortages and there are large inequalities in service provision between rural and urban areas. While service providers at a local level will need to ensure they have effective recruitment practices, it is expected that Government initiatives will need to accompany individual efforts. Focus needs to be placed on what motivates job seekers to move to regional areas. Participants indicated that financial incentives such as assistance with relocation costs, support for family members and additional training opportunities will be significant motivators.

KEY FINDINGS

CONTINUED

Individualised funding and its implications for service delivery

Service providers will need to make significant adjustments in responding to an individual funding model. This will require a fundamental shift towards a person-centred and customer service focused model of service provision. Although there has been a gradual move towards person-centred service provision in the sector for some time, consultations indicate that providers in some states are at more advanced stages than others.

The individual funding model will require providers to deliver a responsive and flexible service, one that is almost entirely driven by individual consumers. This will require changes not only for front-line service delivery, but also throughout a provider's operations, ensuring that person-centred working is supported by back of house functions.

There are risks associated with flexible delivery, namely that service providers will resort to the 'quick fix' solution of high levels of casual staffing. There is no doubt that people with a disability have a right to flexible service provision that is reactive to their needs and provided in a timely manner. It is also essential that flexibility does not occur at the expense of working conditions or quality service provision. At a local

level, service providers need to consider alternative mechanisms for enhancing flexibility of their workforce including: implementing flexible work practices such as rostered days off and flexi-time; investing in training to allow workers to fulfil dual roles where appropriate; and considering cooperative arrangements with other service providers.

National schemes to support flexible work practices should also be considered. The feasibility of a portable leave scheme for the sector, such as that operating in the construction industry, should be examined. Such a scheme would allow workers to work for multiple employers and still accrue leave entitlements, thus enhancing flexibility for employers. It is vital too that funding allocated by DisabilityCare accounts for costs incurred by service providers when services are requested or cancelled at short notice.

Another significant adjustment for some service providers will be the requirements of operating in a competitive market. Although service providers currently compete for government tenders, this is a markedly different process to that of competing for consumer directed funds. Effective branding and marketing strategies will take on renewed importance as the level of competition in the sector increases.

Financial and operational adjustments

Many service providers receive block funding to provide services in the disability sector. DisabilityCare will change the funding model, with funding to be provided to individuals. Organisations will need to ensure there is a strong focus on accounting practices that cater for an individualised funding program. They will need to enhance their management accounting and reporting practices and be responsive to, a consumer based market system.

Organisations will need to provide useful financial information to managers, to provide them with the basis to make informed business decisions that will allow them to be better prepared in their management and control functions. With effective and timely management information managers will be equipped to:

- Be forward looking, instead of reacting and basing decisions only on historical information;
- Make effective decisions about their business area;
- Plan and guide the goals of their business area and contribute to the overall organisational plan;
- Define where resources are needed and be efficient in the management of those resources;
- Develop benchmarks to work towards and to evaluate performance against.

Managers of services and various departments should be armed with the financial information relating to their Key Performance Indicators in an understandable format to allow them to make informed decisions.

Organisations will need to be proactive with financial information, to ensure that people who have the intimate knowledge of their services or departments are engaged in the financial planning processes, and setting of, Key Performance Indicators. Direct line managers are essential to success in a client driven market, as they know the product/service and they understand the customer. The finance department should be well prepared to meet regularly with direct line managers to allow them to have input into actual results and initiatives that can improve upon these results. An excellent management accounting framework includes these components. Another important component to improving financial outcomes is ensuring that the finance department has the skills to engage with managers about their department's workings and support them in understanding the financial side of their business.

Employing people with a disability

Achieving employment goals for people with a disability is a key theme of DisabilityCare. Employment of people with a disability is a vital aspect of social inclusion and empowerment. The disability sector itself historically has not taken a leading role in this area. DisabilityCare presents an opportunity to renew efforts within the sector to increase their employment rates of people with a disability.

For this to be a reality, individual service providers need to ensure their recruitment processes are accessible to people with a disability and that they are linking in with relevant government programs.

Outlook Victoria were consulted as part of this project due to their high levels of employment of people with a disability. Outlook Victoria operate a large social enterprise, a supported employment service, a community centre and a variety of disability support services including; in community support and respite and leisure services.

When consulted about their success in employing people with a disability, Outlook CEO, Tony Fitzgerald, emphasised that the most important aspect to increasing levels of employment of people with a disability within an organisation was organisational culture. A good organisational culture should:

- Empower employees with a disability;
- Embed a philosophy based around people's rights, dignity and respect;
- Ensure there is flexibility to cater to individual needs;
- Train employees effectively to ensure they are able to perform the requirements of their roles.

To be successful, Tony stated that "You need to be very aspirational with people. Start from the assumption that people can do things, and then if they can't, find out how you can support them to do those things."

With close to 50% of their employees consisting of people with a disability, further exploration into the successful strategies employed by Outlook should be undertaken.

RECOMMENDATIONS

Strategies for managing risks identified are the result of meetings of the Advisory Committee and consultations with stakeholder groups. Broadly, the recommendations are divided into areas that require attention at a broad systemic level and areas for service providers to focus on to improve their response to change management and workforce planning.

Learn to work with uncertainty

The findings show that many aspects of DisabilityCare are unclear, and that this is likely to discourage service providers from changing their operations until they can be certain of all changes that will be required. Service providers should not use uncertainty regarding the final form of DisabilityCare to avoid planning for change; there are many steps that can be taken at this stage to prepare for DisabilityCare's implementation regardless of which form it takes. There are central themes to DisabilityCare that can be focussed on, such as the individualised funding model and the person-centred approach, which act as a guide to the likely effects on service providers in spite of the overall uncertainty. At a wider level, governments need to combat this uncertainty by making new details about DisabilityCare and its likely impact available to the sector as soon as possible so that service providers can react accordingly.

WHAT SHOULD GOVERNMENT/DCA DO?

1 Clearly articulate further details about DisabilityCare's implementation.

These should cover funding and business processes, and be released in a timely manner, allowing service providers, their workforce and people with a disability to develop adequate change management strategies in response.

2 Implement and distribute the attached Change Management Tool.

Providing this to service providers ensures that they are equipped with guidance as to how they can prepare for DisabilityCare in spite of their current uncertainty.

WHAT SHOULD SERVICE PROVIDERS DO?

3 Establish a DisabilityCare Consultative Committee.

Service providers should consult with staff about DisabilityCare in the embryonic stages of change. This should be in line with relevant industrial instruments and involve staff from all departments and levels of the organisation, and union representatives where appropriate. Consultations should genuinely consider staff input and decisions should be communicated to all employees.

4 Garner feedback from clients.

Service providers should take steps to get feedback from their existing clients. This should focus on the organisation's person-centred approach and whether clients would continue using their services under DisabilityCare's individualised funding. An anonymous survey with open questions should be used to acquire honest and critical feedback. The results should be analysed and used to form a change management strategy.

5 Consider other processes which can begin now.

Other actions described under other recommendations can be started without further details about DisabilityCare. These include: costing services on a unit cost basis; identifying operational barriers to changing to a person-centred or individualised funding model; and improving your branding and marketing in preparation for a competitive environment.

RECOMMENDATIONS

CONTINUED

Develop effective workforce strategies

The findings identify that there need to be effective strategies on both national and local levels to increase the capacity of this workforce to meet the changing support needs and predicted increase in volume of people with a disability. This involves increasing the number of disability workers, greater skill articulation and development, and ensuring that this workforce is valued and treated fairly. At a national level we have recommended recruitment strategies that focus on people who would not already be considering a career in the disability sector, and a national accreditation body which maintains quality standards across the sector. At the service provider level there are strategies to recruit and retain workers and improve their skills.

WHAT SHOULD GOVERNMENT/DCA DO?

6 **Develop a national workforce development strategy.**

This strategy should be developed and coordinated jointly by the DCA, people with a disability, the non-government disability services sector and the unions providing representation in the sector.

7 **Establish an accreditation body for disability sector workers.**

This body would require all disability workers to be accredited. Accreditation would not be a means to significantly increase barriers of entry to the profession. Different levels of accreditation would be afforded, reflecting the diversity of the sector and job requirements. Accreditation would assist in maintaining professional standards through training requirements, working guidelines, and a complaints process that could assist in resolving the concerns of service users. It could also serve a second role as a networking and professional development body for disability workers, particularly those in direct-employment who do not otherwise have access to such opportunities. Individuals with a disability want to be supported by a professional workforce.

The accreditation body should be an independent authority. To ensure a balanced governance model, membership of the board would include representatives from; unions, employer organisations, vocational associations, disability worker educators and people with disabilities and their families.

It was emphasised by groups that barriers to entry to the profession should not be overly onerous, as different levels of accreditation would be developed with a minimum standard being, for example, a “fit and proper person”. The accreditation body is recommended as a safeguard for minimum quality standards. The body could also be used as a mechanism to de-register workers where serious misconduct has occurred.

8 **Funding provided to individuals through an individualised funding model should be sufficient so as to enable enterprise bargaining and a raise in working conditions within the sector.**

This recommendation is made to afford flexibility to the sector, to support the ability for organisations and give opportunities to negotiate entitlements above the minimum award if desired.

Service providers have indicated in consultations that funding allocations are a significant barrier to their ability to effectively engage in enterprise bargaining, and offer pay rates above the award. As identified in our key findings, a key to increasing the size of the workforce and ensuring the workforce is attracting appropriately skilled job seekers, is increasing the working conditions in the sector. This is also essential to ensuring that the workforce is recognised, valued and sustainable.

9 **Run a national recruitment campaign promoting careers in disability services work.**

Such a recruitment campaign needs to be focussed on attracting people who are not currently working or training to work in the disability sector, to avoid using resources by ‘preaching to the converted’. This should also target younger workers with an aim to replace the current aging workforce, and can do this by highlighting career pathways and development opportunities in the sector. A national marketing campaign should be steered by an advisory committee made up of people with a disability, service providers and unions. Such an approach will ensure that the marketing campaign is reflective of the needs of the sector as a whole.

10 **Link DisabilityCare funding to obligations in identified areas such as training and development.**

Investment in training is an essential component of a workforce planning strategy as it improves the retention of workers by providing increased competency, recognition and motivation.

11 **Provide financial incentives for disability workers to undertake disability training programs and relocate to under-serviced areas.**

Financial incentives can include tax-incentives, scholarships, relocation assistance, loan schemes, and other ways of encouraging people to undertake disability training and trained workers to relocate. Tying training to regional and rural areas would also assist in preventing a shortage of workers in these locations when individualised funding is implemented.

WHAT SHOULD SERVICE PROVIDERS DO?

12 **Implement recruitment strategies to attract the best candidates.**

Service providers should ensure that they are recruiting and retaining enough staff to meet the increased volume of work that is anticipated with the implementation of DisabilityCare. They should link with the national recruitment strategy and advertise in as many different sources as their budget allows. Employers should consider becoming an Employer of Choice by offering competitive salaries and career development opportunities. Organisations in rural and regional areas may need to offer incentives such as relocation assistance if they wish to attract workers from urban areas.

13 **Provide an effective induction process.**

To increase staff retention, service providers need to create a warm and welcoming environment at the first instance, and ensure that new staff are familiar with other staff members, the requirements of their role, and relevant policy and procedures.

14 **Offer tailored training and development opportunities.**

Service providers should invest in training and development opportunities for all employees, keeping them skilled, motivated and engaged. This should be discussed with staff at an individual level so that it can be tailored to individual goals and give the individual some control over their professional development.

15 **Adapt retention strategies to the demographics of their workforce.**

Organisations need to map the demographics of their workforce (e.g. female/male, older/younger, culturally diverse) and then adapt their retention strategies to appeal to their particular workforce dynamic. In general, the sector needs to accommodate an aging workforce predominantly made up of women.

RECOMMENDATIONS

CONTINUED

Adapt to the individualised funding model

The individualised funding model is likely to bring about many challenges to the way in which the disability sector and the individual service providers and workers operate. Service providers need to respond to increased competition in the sector through marketing and branding strategies, offering more flexible services to meet the needs of consumers, and adopt a person-centred approach throughout their organisation. Government will need to ensure that it protects the rights of workers through strategies such as a portable leave scheme, and will need to meet the challenges of service users directly employing disability workers.

WHAT SHOULD GOVERNMENT/DCA DO?

16 Review the feasibility of a portable leave scheme such as exists in the building industry.

There is a strong likelihood of disability service workers employed directly by individuals with a disability being highly casualised and working for multiple employers in fragmented increments of time. Such employees are unlikely to be entitled to annual leave and sick leave, in spite of many working a full working week, because they do not spend enough time with any one employer to earn such entitlements.

A portable leave scheme would require each employer to contribute to annual and sick leave entitlements which would be carried over from employer to employer, ensuring that workers were able to take such leave without putting the entire onus onto a single individual who employs them.

A portable leave scheme is currently in operation in the ACT and this model could be used as a basis for a national model. A portable leave scheme provides employers with the ability to operate flexibly, while maintaining working conditions in the sector.

17 Establish an accreditation body which registers workers directly employed by individuals with a disability.

As previously discussed, the federal government could consider establishing a national accreditation body which will accredit disability workers. This would ensure that workers directly employed by individuals with a disability were adequately qualified, and provide a means for individuals to ensure that such workers complied with minimum quality standards.

Directly employed workers could also use this body to professionally develop and develop networks with other disability service workers.

WHAT SHOULD SERVICE PROVIDERS DO?

18 Encourage a person-centred approach throughout their organisation.

While many service providers have already taken steps to adopt person-centred practices, with the implementation of DisabilityCare, organisations must ensure that staff understand person-centred service delivery. This requires focussing on the needs and goals of a person with a disability and their families, and giving those people the autonomy to direct their own support needs within the context of their whole life, not just their disability. Service providers should use their consultations with staff to begin the process of educating workers at all levels of their organisation about what person-centred planning is and the ways in which workplace culture and attitude needs to change. A special focus should be placed on front-line staff who will be most essential in implementing this with service-users; however, care should be taken to ensure that middle management and back-of-house staff are engaged in the organisation's person-centred workplace culture.

19 Identify organisational barriers to a person-centred/individualised funding approach

As part of their surveying of existing clients in preparation for DisabilityCare, service providers should assess whether their current services are delivered in a person-centred way. They may take steps to address any deficiencies, and use this as a guide to what professional features are required to improve services. These could include staff attitudes and understanding of new systems; the way in which services are planned, advertised, staffed and timetabled; or back-end processes such as HR, accounting, or complaints procedures. Once identified, organisations could consult with staff about these and develop strategies for minimising their impact on the organisation's success under DisabilityCare.

20 Offer flexible services without resorting to a casualised workforce.

It's important that service providers are able to respond flexibly to individual needs, however increasing and maintaining a high level of casualised staff within an organisation can lead to high turnover and recruitment costs, difficulties in effective training, and reduced staff engagement. Organisations should instead investigate: implementing flexibility within their existing workforce, such as non-standard hours; offering flexible work practices such as rostered days off and flexi-time options; investing in training employees to fulfil dual roles; and cooperative arrangements with other service providers.

21 Review branding.

Service providers will need to operate in a much more competitive environment than they have had to historically, and so will need to attract service users to their brand in a way they have not had to before. This requires service providers to define what their core values and philosophies are, and communicate those values to employees and current and prospective clients. Organisations should consider what makes them different from others, whether their employees and clients can easily understand it, and whether it demonstrates a person-centred approach to service delivery.

22 Develop or review their marketing plan.

Once service providers are comfortable with their brand, they should plan a marketing strategy within their budgetary means. This includes understanding what services they will offer and the best way to advertise these, how they will adapt their message to target different audiences, and which marketing methods they will use. Organisations should also evaluate the success of their marketing strategy periodically to ensure their marketing budget is being used most effectively.

RECOMMENDATIONS

CONTINUED

Employing people with a disability

As DisabilityCare is likely to lead to renewed efforts at encouraging and assisting people with a disability to be employed, government should ensure that their advertisement campaigns encouraging workers in the disability sector encourage people with a disability to get involved. Disability service providers also have an opportunity to lead by example, and the benefits of employing people with a disability are well documented. Service providers should reach out to potential candidates with a disability and ensure that their workplaces are accessible for employees with a disability.

WHAT SHOULD GOVERNMENT/DCA DO?

23 Examine the feasibility of offering financial or other incentives to service providers for employing people with a disability.

It should be highlighted that financial reasons should not be the sole motivation for employing people with a disability, but incentives may be necessary in the initial stages.

WHAT SHOULD SERVICE PROVIDERS DO?

24 Actively reach out to potential candidates with a disability.

Service providers should make sure that their advertisement and application process is accessible to individuals with a disability and actively encourages candidates with a disability to apply.

25 Ensure that workplaces are accessible for employees with a disability.

Service providers should ensure that their induction processes take into account any additional support employees may need. Organisations should attempt to make any adjustments or modifications to their work space by taking advantage of financial assistance.

26 Have people with a disability involved in, and evaluation of, the recruitment, attraction and retention strategies for people with a disability in your organisation.

People with a disability are often best placed to identify barriers comment on access issues, support training and development on disability awareness. They can also provide advice and feedback on organisational gaps and workplace cultural barriers to employment of people with a disability. Look within the organisation for people who could undertake this advisory role before hiring external guidance.

27 Have an organisational culture that:

- Empowers employees with a disability;
- Embeds a philosophy based around people's rights, dignity and respect;
- Ensures flexibility to cater to individual needs;
- Trains employees effectively to ensure they are able to perform the requirements of their roles.

Adapting to financial implications

DisabilityCare will provide funding to individuals, who will then make choices about where they choose to spend their funds. Organisations will need to ensure there is a strong focus on financial systems that cater for an individualised funding program. They will need to enhance their management and reporting practices to cater for, and be responsive to, a consumer based market system.

WHAT SHOULD SERVICE PROVIDERS DO?

28 Accurately calculate their unit costs.

Service providers need to adapt existing services that have previously been offered to users on the basis of block funding. These prices need to take into account the costs behind the service offered – staffing, training and development, level of support offered, venues, and administration – and develop a realistic unit cost to charge users for their services. Organisations also need to be aware of additional costs such as client cancellations, and build these costs into the price of services offered.

29 Review existing financial and operational procedures.

Service providers should review their existing financial and operational procedures to ensure they are able to accommodate individual funding and respond effectively to a consumer market. Financial strategies will need to be adapted to ensure sound management reporting for proactive and responsive commercial practices.

30 Examine constitutional and governance arrangements.

Organisations should review internal constitutions, governance arrangements and values and missions to ensure there are no barriers to operating in a competitive market.

CHANGE MANAGEMENT TOOL

What Does the Tool Do?

The change management tool takes the form of a guidebook and aims to assist and encourage service providers to begin the change processes required for them to be DisabilityCare ready. At present it is available as a printed resource, but there is potential for it to be modified into an online resource also. It is attached as Appendix A: Change Management Tool.

The tool addresses major risk areas that service providers preparing for DisabilityCare need to confront as outlined below.

Working with Uncertainty

In this section we acknowledge the uncertainty surrounding the implementation of DisabilityCare. The tool emphasises, however, that uncertainty should not be used as a reason to delay preparing for DisabilityCare. The tool encourages service providers to focus on the certainties; that is that we know we will be moving towards more individualised funding, and service providers will need to embody a truly person centred and customer service focused approach.

The tool emphasises the importance of beginning the consultation processes in the embryonic stages of change, ensuring that staff are involved and engaged in the process. We stress, too, the importance of evaluating client feedback to gauge how person-centred the service provider currently is. We provide guidance on how to facilitate a consultative committee structure for internal staff consultation. We also provide tips on the type of questions which may be included in a survey for clients that can be adapted to individual service providers as required.

Workforce Strategies

Under this section, the tool guides service providers through effective recruitment and retention strategies. We examine what attracts job seekers, the importance of good advertising and employer branding. The tool provides guidance on being an 'Employer of Choice' in the sector to increase recruitment chances in a competitive market. For rural and regional employers, we focus in on what motivates job seekers to consider a move to a rural area, and what incentives can be offered by rural service providers to attract more job seekers.

In relation to retention, practical tips are given as to: the importance of induction, creating training and development opportunities, and understanding the demographics of your workforce. We advise service providers to consider retention strategies targeted to certain demographics such as: better maternity and paternity leave provisions to retain younger workers or implementing phased retirement options to retain older workers.

Individualised Funding

Here the tool covers in detail what an individualised funding model means for service providers. It discusses the need for service providers to adopt a person centred and customer service focused approach, and what that constitutes. Service providers will need to become increasingly flexible to customer needs and the tool suggests ways in which flexibility can be achieved. The implications of greater competition are discussed and the tool provides guides to reviewing or developing branding and marketing strategies.

Financial and Operational Strategies

Service Providers are guided through financial process adaptations they may need to consider in changing from a block-funded model to an individualised funding model. The tool discusses the importance of accurate unit pricing and effective budget planning.

Employing People with a Disability

The tool discusses the benefits of employing people with a disability and how to better target recruitment strategies to encompass people with a disability.

CHANGE MANAGEMENT TOOL

CONTINUED

Why is the Tool Like This?

There is a wealth of information available on general change management principles, and as such to be useful and relevant, this tool needed to examine the specific changes that service providers will need to make in transitioning to DisabilityCare. This tool has therefore been designed to address the risks that service providers will face with the introduction of DisabilityCare, as identified by the Advisory Committee to the project. It takes a holistic approach, examining the impact of DisabilityCare on all aspects of a service provider's operations.

Written in plain English, the tool has been designed to be easy to use and provides practical tips and strategies for service providers. Its broad aim is to encourage service providers to be proactive and begin implementing changes now, even if they are not within launch sites.

The tool emphasises the importance of beginning consultations with staff. This has been a focus due to feedback from workers within the sector who have expressed a desire for their employers to explain what DisabilityCare means for their roles. Our consultations indicate that workers are in a state of uncertainty and are concerned about their future. Early and effective consultation is vital in maintaining engagement of staff. The Advisory Committee generally supported early consultations, pointing out that front-line workers are essential in implementing a person-centred approach and have much to contribute in shaping organisational change around DisabilityCare.

With a dramatic increase in demand for workers predicted in the sector, this tool needed to examine how service providers can effectively recruit and retain staff. Rural and regional employers face additional barriers in this regard, and research conducted in the legal sector was drawn upon to identify the motivations for job seekers moving to rural and regional areas.

The Advisory Committee were of the view that one of the most difficult adjustments for service providers would be in adapting to the individualised funding model and increased competition in the sector. It was considered that marketing and branding would need to be incorporated into the tool as this forms a vital part of operating in a competitive market. Individualised funding will also require service providers to be increasingly flexible, person-centred and customer service focused. A concern of the Advisory Committee was that service providers would become increasingly reliant on casual staffing in order to be flexible. Effective change management should not be dependent on 'quick fix' solutions, and as such the tool encourages alternative strategies that employers can use to achieve flexibility.

Additionally the tool addresses financial strategies as moving from a block funded model to one in which service providers are reliant on individualised funding will require significant adjustments to be made.

Finally this tool addresses employment of people with a disability. The Advisory Committee identified that the sector itself should be setting an example in increasing levels of employment of people with a disability.

Testing the Tool

DisabilityCare Change Management Guide was tested with Villa Maria's Early Childhood Intervention Services (ECIS). Villa Maria's ECIS are tailored to meet the individual need of the child and are generally focused on supporting children in their natural environment, in their everyday experiences and activities. The aim of the service is to provide parents and families with the knowledge, skills and support to meet the needs of their child and to optimise the child's development and ability to participate in family and community life. The early childhood intervention service is strongly family centred and recognises the importance of working in partnership with family and other service providers.

The Manager of Villa Maria (ECIS) was asked to review the guide and provide comment as to the usefulness of the guide to the service and areas in which she considered the guide could be improved. The comments provided were as follows:

- 1 The risk areas identified were accurate and relevant to the organisation. They reflected the concerns of the organisation. Breaking down the risk areas allowed the organisation to consider different aspects of DisabilityCare individually without "feeling overwhelmed by the extent of the changes".
- 2 The focus on early consultation with staff was considered to be essential. The consultative committee structure was commended as an effective consultation mechanism that is inclusive of all staff.
- 3 It was considered that while there were already systems in place for obtaining client feedback, DisabilityCare brings this into sharper focus, and as such its inclusion in the guide was worthwhile. An important issue with client feedback that may need to be addressed further in the guide was the tendency for clients to give positive feedback out of a fear that negative feedback may result in them no longer having access to services.
- 4 In relation to recruitment and retention, the guide was received well. The practical guidance on effective recruitment and retention techniques was useful and provided a basis upon which to review existing procedures. However, it was stressed that local level recruitment and retention strategies "must be accompanied by a comprehensive national recruitment strategy". It was considered that local efforts, no matter how effective, will be insufficient to deal with the projected demand for additional workers.

- 5 National strategies were considered to be essential in relation to training and development and quality maintenance. Funding allocations were said to be vital in determining the training and development opportunities that are able to be provided.
- 6 Person centred approaches as described in the guide had been in practice for many years at Villa Maria. As such it was felt that this section of the guide could also include how to progress from being person centred to wholly customer service focused. It is noted that Victorian service providers in general may be in a more advanced position due to the individual funding models that already exist in this state.
- 7 The branding and marketing sections were well received. It was commented that this would be "one of the most significant adjustments" that service providers may need to make.
- 8 The guidance around financial changes was also considered to be of vital importance. The change from block-funding to an individual funding model will have significant impacts on financial accounting and planning strategies. Again it was considered that additional materials or workshops could be developed with a sole focus on these issues.
- 9 It was agreed that there needed to be a cultural shift within the sector in relation to increasing employment of people with a disability. The guide was said to provide some useful tips and strategies to increase employment of people with a disability. It was again suggested that nationally coordinated strategies may be effective here, in recruitment efforts and in engaging with service providers around this issue.

Overall, the guide was said to be useful, relevant and easily accessible. As stated above, Villa Maria did consider that, particularly in relation to person-centred approaches, they were at a more advanced level than the guide provided for. However, they acknowledged the difficulty in creating a tool that catered to the levels of all service providers nationally, especially considering the different funding models in each state and territory. Most importantly, they emphasized many times the importance of coordinated national strategies to ensure that the workforce was sufficient and skilled appropriately to meet the demand for services.

CONCLUSION

The issues raised in this report are complex and require a multi-layered approach from government and service providers. The ability of service providers to adapt to new frameworks will be vital to DisabilityCare being effectively implemented. So too is having an adequate and appropriately skilled workforce to meet demand for services.

Uncertainty

With the uncertainty surrounding the practical details of DisabilityCare and certain factors that cannot be ascertained until the scheme is implemented; there is a danger that service providers will refrain from beginning the change planning processes. Complacency by service providers will leave them vulnerable to increased competition in the sector. A lack of preparation by service providers will result in the goals of DisabilityCare being difficult to attain.

Workforce capacity

To be able to meet an increased demand, significant efforts will need to be made to increase the sector's workforce. Without a change management strategy at a local and national level, there is potential that a grey labour market for support workers in particular will emerge. An unregulated grey market may result in a driving down of working conditions as service providers cut costs to compete. Further, there is potential that quality service standards could be undermined, and that both workers and consumers could be at risk of exploitation.

Adapting to individual funding arrangements

Unless services are able to fully implement person-centred, customer service focused service delivery, the aims of DisabilityCare cannot be fully realised. Services must be able to provide flexible and responsive service delivery. There is a risk that increased flexibility requirements will result in increases to casual staffing rates. Service providers must also be able to operate in a competitive market, and as such need to be able to brand and market themselves effectively.

Financial and operational implications

Many service providers will require guidance in adapting financial processes from a block-funded model to an individualised funding model. For some service providers, who are accustomed to receiving money in advance of activities, moving to budgeting processes where money is received in arrears, may result in cash flow difficulties.

Employing people with a disability

DisabilityCare focuses on social inclusion and employment presents an opportunity for the disability sector itself to increase its own levels of employment of people with a disability.

The recommendations contained in this report provide change management strategies to be implemented at a national and local service provider level, ensuring that service users are able to access the supports they need from a skilled and capable workforce. These recommendations are vital in maintaining and lifting quality standards across the sector. Their implementation will preserve working conditions, while affording service users flexible and responsive service they need.

The change management tool will guide service providers through the major change processes they need to begin implementing.

Easily accessible and practical, it provides tools and guidance that will assist service providers in preparation for a new funding culture – DisabilityCare.

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Change
Management and
DisabilityCare

A TOOL FOR
DISABILITY
SERVICE
PROVIDERS

APPENDIX A



DisabilityCare has been hailed as a revolution in the provision of disability services. This change management tool can be used to assist in preparing your organisation for this new system.



The best thing you can do is the right thing; the next best thing you can do is the wrong thing; the worst thing you can do is nothing.

Theodore Roosevelt



INTRODUCTION

Predicated on the principles of choice, competition and dignity, DisabilityCare aims to “*turn the way we currently provide disability services on its head*”¹. Following the introduction of similar schemes internationally, DisabilityCare puts control in the hands of the individual service user with the introduction of individualised funding; where funds are allocated based on the user’s assessment of their needs and goals.

With a dramatic increase of government funding being put into the sector, there is no doubt that DisabilityCare has huge potential to achieve vital change. This change is reliant on service providers being able to adjust to the new funding frameworks and provide a truly person centred service while maintaining quality standards.

As with any major change processes, there are risks associated with DisabilityCare changes. This guide takes you through some of the major risks that your organisation will need to confront and provides practical tips and strategies for addressing those risks. The risks have been identified through extensive consultation with a variety of stakeholders in the sector including service users, unions, and service providers. We have also ensured that rural and remote perspectives have been included in this guide where relevant.

In brief, this guide covers the following areas;

Working with uncertainty

In this section we deal with the fact that many of the specifics of how DisabilityCare will operate are unknown. In dealing with uncertainty we cover issues including how to consult effectively with staff and clients; and the importance of beginning the change process despite the uncertainty.

Workforce strategies

Here we examine the recruitment and retention of staff, training and development and maintaining quality standards.

Individualised funding

Adjusting to an individualised funding model will require service providers to embed a person centred philosophy in every aspect of their operations. We examine what this means and how an organisation can achieve flexibility, catering to individual needs, without resorting to increasing casual staffing. This section also discusses the potential impacts of competition, including direct employment. We provide strategies for marketing your organisation.

Financial and operational strategies

Budgeting in an individualised funding model will require significant changes for some organisations. We discuss adaptations your organisation may need to make in moving from block funding to a reliance on individual funds.

Employing people with a disability

It is hoped that DisabilityCare will embed a culture of autonomy and inclusion for people with a disability. This section discusses how the disability sector can take a lead in employing people with a disability.

¹ ‘What is NDIS?’ <http://www.ndis.gov.au/about-an-ndis/what-is-an-ndis/>



The full details of how DisabilityCare will operate remain unclear. With the draft rules only just being released, and the guidelines yet to be released, it can be difficult for service providers to fully plan for the changes that need to be made.



WORKING WITH UNCERTAINTY

Certainly one of the major uncertainties that will have a huge impact on the shape of DisabilityCare model is the amount of funding that will be provided. Much of the success of DisabilityCare will be dependent on the funding allocation being sufficient to cover reasonable and necessary supports in such a way that wages and quality of service in the sector are not compromised. Other unknowns include: the level of competition in the sector as a result of increased investment, the extent of the uptake of individualised funding, how large the increase in demand for services will be and the period of time before DisabilityCare is implemented nationally.

With this level of uncertainty, the temptation for service providers may be to 'watch and wait', rather than changing current operations and risking the disruption of change. While this position is understandable, it can be a dangerous trap to fall into. If change is left too late, your organisation may be left behind those who have acted despite the uncertainties, leaving you vulnerable to competition in the sector. Naturally, there will be levels of change that you cannot take immediately, but it's important to begin the planning and consultation processes, so that you and your staff are ready when you need to be.



When working with uncertainty, it's important to focus in on the central themes of DisabilityCare. We know for sure that:

- The scheme will involve an **individualised funding model**;
- As a service provider, you will need to embed a **person centred approach** throughout your organisation.

You can begin your consultation and planning processes by discussing what changes your organisation will need to make to adapt to these features of DisabilityCare.

Change processes you can begin now

When you isolate the key themes of DisabilityCare, it becomes easier to identify actions that your organisation can start taking to begin the change process. We have listed below some of the actions your organisation should be taking in these early stages. These will be discussed in more detail throughout this guide.

- Consulting with staff about DisabilityCare and its potential impact on your organisation;
- Surveying your clients to establish how well your organisation meets their needs. This will assist you in identifying where you need to improve to be able to deliver a person centred service;
- Costing your services on a unit cost basis. This will be vital to the individualised funding model;
- Identifying operational barriers to changes such as; any restrictions on your activities placed by your constitution, and budgeting practices that are not suited to the individualised funding model;
- Improving your branding and creating a marketing plan in preparation for a competitive environment.

Consulting effectively with staff

It is a common misconception that, when implementing change, organisations should only consult with staff during the later stages of the change process, once strategies and plans are more defined.

Research evidence suggests, however, that effective organisational change is achieved through **extensive consultation** with employees, and that this consultation is more advantageous when it occurs in the **“embryonic stages”** of a change project². Early involvement of unions has also been shown to improve communication and enhance employee involvement³.

If management of the organisation is anticipating change and feeling uncertain about what DisabilityCare will mean, it is certain that your employees will also be feeling that uncertainty. It's important to provide a consultative forum where these issues can be discussed openly in order to prevent increased anxiety or unfounded fears from spreading amongst the workplace.

Your staff will also be essential in the implementation of a person centred approach. It's important to begin talking with them now about what that means to them and how it will look in your organisation.

Consultation with employees around major change is now mandatory under most industrial instruments. It's important that you check any relevant industrial instruments to ensure that you are compliant with any relevant consultation clauses.

Gathering feedback from clients

As we will discuss in more detail later in this guide, it is expected that the disability sector will become significantly more competitive with the introduction of DisabilityCare. While this won't happen overnight, it's nevertheless important to be aware of what competing for individual funds means for your organisation.

Your first step for understanding how you perform as a service provider and identifying areas for improvement is to get feedback from your existing clients. Many of you may already do this in a variety of ways. It's important to get feedback that focuses on how you perform in relation to providing a person centred approach. You should also consider whether your existing clients would continue to use your services when they have control over their funding allocations.

ACTION

- Ensure that employees from all departments and at all levels have the opportunity to be represented on the committee. You can achieve this either through an election process (allowing each department to vote for a representative), or calling for voluntary nominations from each department;
- If your employees are represented by a Union, or wish to be represented, ensure the union is represented on the committee;

Establish a DisabilityCare consultative committee

- The process is fair and open. Appoint a chair to conduct the meetings. Allow all members of the committee to participate equally in the meetings;
 - The consultation process should be genuine and employees views are heard and respected. You do not have to take on every suggestion of the employees, but you should aim to provide reasonable reasons where you do not do so.
 - The discussions and decisions that occur at the committee are fed back to all staff through the committee members. Encourage committee members to garner feedback from other employees.
- Note that if your employees are covered by an Enterprise Agreement, there may be specific requirements about consultative committees for change processes and you must adhere to those requirements.*

ACTION

- You will get the most open feedback if clients are able to provide feedback anonymously;
- Ask open questions that allow your clients to give as much information as possible;
- You must ensure that your clients will not feel afraid of saying negative things. You must be ready to accept criticisms;

Conduct a survey of your existing clients

- Focus on the idea of a person centred approach. What does it mean to your clients? Do you provide that for them?
- Be bold and ask whether your clients would continue to pay for your service once individualised funding is an option.
- Analyse the data and discuss it with your staff through your DisabilityCare consultative committee.



² Gollan, Paul J, Australian Master Human Resources Guide, Chapter 15 'Employee Consultation and Involvement Strategies', CCH Online 2012.

³ Ibid.



With talk of doubling the government funding in the disability sector and extensive efforts being put into community awareness, it is anticipated that there will be a dramatic increase in demand for disability services.



WORKFORCE STRATEGIES

TIP!

Think about how you 'brand' yourself as an employer. What makes your organisation different from other employers in the sector?

Consider the benefits of becoming an **Employer of Choice** in a competitive recruitment market.

Many service providers have expressed concerns about having the workforce capacity to fulfil increased demand. Indeed, it is felt by some that there are already gaps in the workforce that make effective service delivery difficult.

It is anticipated that there will be strategies implemented at a national level to entice people into the sector. While these strategies will be essential to ensuring there are adequate workers to satisfy demand, it will remain vital for service providers to have effective recruitment and retention strategies. Not only will service providers be competing for clients, but also for workers.

Employer of choice

Characteristics would include:

- Engendering principles of respect and equity within all aspects of your operations;
- Supporting diversity in the workplace;
- Ensuring policies and procedures provide the basis for a safe workplace both physically and emotionally ;
- Provide clear strategies and supports around behaviours of concern;
- Offer an engaging and consultative workplace – where your employees' opinions are valued and employees have the ability to contribute to decision making processes;
- Be transparent around employment rights and conditions, ensuring employees can easily access information about their conditions and entitlements;
- Deliver on professional development opportunities and a comprehensive training program;
- Ensure you allow for employees to have a work, life balance.

4 CCH Online, 'Finders Keepers: How to Attract and Retain Great Employees', 2008 Online Book; 2-100.

Recruitment

Advertising and attracting candidates

There have been numerous studies undertaken to determine what attracts candidates to positions. Two main themes have emerged as being high priorities for job seekers; **salary** and **opportunities for career development**⁴.

It is often argued that workers are attracted to the disability sector because they care about their job and money is not important to them. While this may be true for some, the sector has consistently paid low wages and in an environment where workers are in high demand, offering better salary packages is likely to result in an increased interest from candidates.

When advertising for a job vacancy, keep in mind the following:

- Identify the essential characteristics and skills required for the role. Include these in any advert as your 'key selection criteria'. Ask candidates to provide a written response to the criteria – this will make it easier to choose who you interview;
- Ensure the job information is as accurate as possible and there is sufficient information for a candidate to understand the requirements of the role. If possible provide a link in your advert to a detailed position description;
- Emphasise any career development or training opportunities that your company offers;
- Advertise in as many different sources as your budget will allow. Ensure you link in with any national advertising programs that may be a part of DisabilityCare national recruitment strategy;
- Social networking sites can be a cheap and effective way of advertising a job vacancy;
- If you haven't done so already, link in with your closest TAFE's and Universities. Attend their career fairs and explore opportunities to run seminars with graduates about your organisation.



Do not ask questions in an interview that could expose your organisation to a discrimination claim. Avoid questions that are directed at a person's: age, race, gender, sexuality, religion, political opinion, union affiliation, pregnancy status, marital status, carer responsibilities or disability.

By keeping your questions focussed on the key requirements of the job, you should not need to consider the above factors.

Many of you will have a well-developed recruitment practice in place, and there are multiple tools available to assist organisations in developing recruitment practices. In brief, when interviewing, keep in mind the following points to assist you in getting the most out of the process:

- Make a good first impression – ensure you introduce yourself and any other interviewers on the panel. Put the candidate at ease by offering them a drink and establishing a relaxed atmosphere;
- Your questions should be framed openly, to allow the candidate to speak as much as possible. Ideally the interviewer should only speak for around 20% of the interview time;
- Ask questions that require the candidate to explain how they have acted in previous scenarios. These questions give you the best insight into the candidate's performance in previous roles;
- Design your questions around the key selection criteria that you drafted for the advert. This will allow you to hone in on whether the candidate has the relevant skills and characteristics you are looking for;
- At the close of the interview ask the candidate if they have any questions for you, often questions asked by the candidate can give you insight into how much they have thought about the role.



As well as offering tailored individual training, your organisation may provide regular professional development seminars. These can be a great way to stimulate a culture of learning and engagement in the workplace.

Consider the option of setting up a 'professional development committee' who can drive these seminars, setting topics and arranging guest speakers. Teaming up with the union, a TAFE, university or another service provider may assist in lowering the cost for your organisation and expanding the training opportunities available.

Rural and regional employer?

There may be additional challenges in attracting candidates for rural and regional employers. As a rural and regional employer, consider what would attract employees to move from urban areas, and what barriers might prevent potential employees from making the move.

Interviewing candidates

Interviewing candidates is the primary screening tool for employers. It allows you to ensure the candidate is the right fit for your organisation, both in terms of whether their experience and skills are sufficient for the role, and whether they are the right candidate in terms of the values and philosophy of your organisation.

Interviewing candidates can occur with one or more panelists. Most organisations prefer to use more than one panelist to allow for a combination of perspectives.

ACTION		Map the demographics of your workforce		
Use the results to consider specific retention strategies, or attraction strategies for new workers. We have provided some suggested strategies below.				
Females	Males	Older workers	Younger workers	Culturally diverse
Foster a workplace culture that is inclusive of women Provide mentoring opportunities for aspiring women leaders Consider increasing paid maternity leave. Implement family friendly flexible work options	Actively encourage males to take paid parental leave. Consider increasing entitlements. Market your organisation as one which supports fathers	Implement flexible work practices that accommodate work/life balance. Implement the option of 'phased retirement' allowing workers to gradually reduce their working hours.	Demonstrate career pathway options Identify and support training and development goals Provide variety and stimulation in the work environment.	Offer language and literacy training and support. Address different cultural attitudes to disabilities in your induction training. Train other members of the workforce in cultural awareness.

Retention

Induction, induction, induction!

Research suggests that the first impressions in a work place can have a crucial impact on whether a person stays in a job⁵. Your induction processes should:

- Create a welcoming and positive environment;
- Familiarise the new employee with their work space;
- Reiterate the minimum requirements of the role;
- Introduce the new employee to co-workers and their line-manager;
- Introduce OHS procedures and relevant contacts;
- Present information about your organisation's policies and procedures and how to access them;
- Provide your employee with multiple points of contact for any queries they may have;
- Deliver any required training for performance of the role or equipment use.

Training and development

Training and development opportunities are key to retention as well as attracting people to your organisation. Allocating money in your budget for training and development is about investing in the human capital of your organisation - ensuring your workforce remains skilled, motivated and engaged.

Training and development opportunities should be discussed with all employees on an individual level. This allows formal training to be adapted to individual goals. Train managers on how to have these discussions, and how to assist employees in mapping their career goals within your organisation.

Training and development is also an essential tool for maintaining quality standards. A well planned program will keep your staff up to date with industry best practice, and improve service provision for clients.

Catering to diversity in the workforce

Understanding the demographics of your workforce (both current and prospective) will assist you in adopting work practices that suit your diverse staff group. If you are able to identify the different needs of your employees and cater to those accordingly, they are more likely to feel valued, supported and stay with the organisation.

In general, the disability sector workforce is predominantly female. A recent sector-wide survey estimates that females make up 80% of the workforce⁶. There are few younger workers within the sector, with the majority of workers being middle aged. Being able to accommodate the needs of an aging workforce is likely to be vital for your organisation.

⁵ Ibid, 2-600.

⁶ Productivity Commission Report, Disability Care and Support, Chapter 15, 698.



DisabilityCare will allow those eligible for funding to have control over the management of the funds allocated to their support needs. The purpose of this new model is to empower users of disability services to exercise choice and control over the services they use.



INDIVIDUALISED FUNDING

At its essence, an individualised funding model means that individual users will drive service provision. To be able to operate effectively in an environment of individual funding service providers must be able to adopt a person centred approach to service provision, and operate in a competitive market.

A person-centred approach

There is a wealth of information available on what constitutes a person centred approach. In brief, this approach requires service providers to focus on individual needs and goals, allowing individuals and their families the autonomy to direct their own support needs⁷. Working in a person centred way involves an awareness of all aspects of an individual's life, not just their disability.

Organisational response to person-centred approaches

For years now the most prosperous retailers have realised that the success does not only lie within the product and price, it is in the ability for the sales staff to have the appropriate infrastructure to achieve their job which is customer service. These retailers spend significant time in ensuring that support staff are aware that their success is relative to their ability to support the sales team to do their job, as without sales there will be no organisation. The expectations of customer service staff, from support departments within organisations are minimal, and they work hard to ensure effective processes and apparatuses are provided to make the sales team's job easier.

This approach is defined as internal customer service, but could be renamed the internal person centred approaches, in disability service organisations. This Person Centred approach is the mantra of the disability service system and places the person with disability at the centre of decision making when it comes to the supports and services they use and provides a diverse and sustainable service sector which provides and services in cost effective ways.

People are supported to achieve their full potential and participate in their communities and the economy; whereas families and carers are supported to sustain a care relationship and pursue their own goals.

In the new world of individualised funding, organisations who realise and adapt to person centred approaches within their organisation i.e. internal person centred approaches to staff interactions will respond better to frontline staff needs and therefore achieve a truly responsive client centred service.

Nevertheless, it is often the case, that despite the best intentions, person centred approaches can be damaged by having to comply with bureaucratic expectations, policies, processes and demands of internal departments of an organisation such as Human Resources, Finance, IT, Senior Management, Marketing etc. These departments are important elements of the organisation, and their focus should be on supporting the departments that provide direct service provision to achieve client outcomes. Often rather being a support they demand and drain resources to achieve their internal needs, without giving staff the appropriate tools and training. The power is in the hands of the departments that provide support to staff rather than to the staff that provide support to clients.

⁷ Judith Ellis, Jane Sherwin and Trudy Van Dam, 'Working in Person Ways: A Resource Book for NSW Advocacy and Information Services', Funded by Aging, Disability and Home Care, Department of Family and Community Services, 2011, 4.

INDIVIDUALISED FUNDING

CONTINUED

Success in delivering person centred practice to the external client therefore depends on excellent internal person centred approaches. That is, the various departments of an organisation who provide support staff with direct client contact responsibilities should apply person centred approaches to these frontline staff.

An internal person or internal service provider can be anyone in the organisation. An internal person can be a co-worker, another department, or a distributor who depends upon us to provide products or services which in turn are utilised to create a deliverable for the external customer.

Caring for your peers is fundamental to caring for your customers. All these things can be seen as interruptions that take us away from our "real" jobs, yet they are vital to our organisation's success. If you see a gap between your "real" job and the needs of others in your organisation, you need to rethink what your real job is. In helping others in your organisation, you help your organisation succeed.

The focus on developing effective internal customer person centred service approaches assists organisations cut costs, increase productivity, improve interdepartmental communication and cooperation, boost employee morale, align goals, harmonise processes and procedures, replace interdepartmental competition with interdepartmental cooperation and deliver better service to the external customer.

Excellent service and person centred approaches to the external customer is consequently dependent upon healthy internal customer/person centred service practices. Like gears meshing in sync, interdependent business units meet each other's needs, work productively together to meet common goals, and deliver high quality products and service to the external customer.

Flexibility

In order to provide a person centred service, providers need to be able to respond flexibly to individual needs. With fluctuating demands on service provision, it may be tempting to resort to increasing casual staffing to achieve flexibility. However, maintaining high levels of casual staffing can lead to high turnover (resulting in higher recruitment costs), difficulties in maintaining consistent training and development, and can reduce staff engagement. It is possible to achieve flexibility without resorting to increasing casual staffing by implementing some of the following strategies:

- Investigate whether there is flexibility within your existing workforce. Are there employees who would like to work more hours or different hours?
- Offer more flexible work practices such as rostered days off and flexi-time options.
- Invest in training and build the capacity of your existing employees, enabling them to fulfil dual roles if required.
- Consider cooperative arrangements with other service providers. These could be service providers in the disability sector or in similar sectors such as Aged Care. Can you 'share the workforce'? While it may seem counter intuitive to work with competitors, mutual benefits could be achieved by filling in each other's gaps.

MIND MAP

This mind-map may provide a useful starting point to see how your organisation gears are meshing.



INDIVIDUALISED FUNDING

CONTINUED

Working in a competitive environment

With the introduction of individualised funding, it is predicted that the disability sector will become more competitive, with more service providers competing for individual funds. Again, this is not a change that will occur overnight but it will require some organisations to radically change how they operate. Failing to begin planning how your organisation will compete effectively, could place you at a significant disadvantage.

There are several aspects to being competitive. Primarily, you need to provide a quality service that will attract your target client group. We have discussed how training and development of your staff, and taking a person centred approach will be vital to maintaining high quality service standards. You will need to regularly review your service provision, using client and staff feedback to drive service innovation. Finally, you will need to market your services through branding and advertising.



Marketing does not mean that as a not-for-profit or community group, you are losing your values to corporatisation. The website www.ourcommunity.org.au examines the importance of marketing for community organisations. It describes marketing as not selling but “the process by which you examine the world in which you operate – that includes your customers, your competition and what you offer”.

Marketing

For many service providers this will be the one of the more challenging adaptations. With a history of operating on tight budgets as a result of funding allocations, and having clients allocated (rather than needing to attract them), service providers may not have had to invest time or money into marketing strategies.

The first step in any marketing plan is to know what it is you are marketing, in other words, ‘what is your brand?’ Your brand is often the first thing any potential service user will notice about you. Branding is often seen as simply a tokenistic exercise. However, when used effectively, branding can assist you in:

- Defining your core values and philosophies; and
- Communicating those values to your employees and current and prospective clients.

Branding is not just about logos or images; it is how those images or logos reflect upon your organisation and what you stand for.

Once you have cemented your brand internally, it’s time to get the message out there! It’s important to plan your marketing strategy, especially if you are operating on a limited budget. Marketing needs to yield results. Marketing is not simply about advertising. Advertising should be just one component of an overall marketing strategy⁸.

⁸ www.ourcommunity.org.au, ‘Marketing and Your Community Group: Developing a Marketing Plan, Starting out on your Group’s Marketing Plan’ available at: http://www.ourcommunity.com.au/marketing/marketing_article.jsp?articleId=1511, accessed March 2013.

ACTION	Review your branding	
<p>In order to do this effectively, you should have input from employees at all levels of your organisation and other stakeholders including clients. In your review, ask yourself the following questions:</p>	<p>→ Does your branding:</p> <ul style="list-style-type: none"> – Reflect your core values and philosophies? (<i>You may need to start your branding process by defining what your core values and philosophies are.</i>) – Clearly communicate those values? – Demonstrate a person centred approach to service provision? 	<p>→ Is your branding:</p> <ul style="list-style-type: none"> – Unique? – Inspirational? – Simple and easily understood? – Consistent throughout all your activities and publications? – Understood, supported and reflected by all your employees?

ACTION	Develop or review your marketing plan			
<p>Your marketing plan should be well researched and effectively targeted. When planning, ensure you cover the considerations below.</p>				
<p>What are you Marketing?</p> <p>You need to consider what exactly you offer to prospective clients.</p> <p>Which services can you provide? Be realistic and ensure you don’t commit to something you cannot guarantee.</p> <p>How is what you offer different to other service providers?</p>	<p>Who are you Marketing to?</p> <ul style="list-style-type: none"> – Clients? – Donors? – Volunteers? – Potential employees? <p>Each target group may need to have very different marketing approaches.</p> <p>Consider what approaches would work best with each group.</p>	<p>How will you Market?</p> <p>Remember to target marketing strategies to different audiences and use a variety of marketing mechanisms such as:</p> <ul style="list-style-type: none"> – Traditional advertising – Online social networking sites – Newsletters or pamphlets and brochures – Branded stationary – Word of mouth – Public presentations 	<p>How will you evaluate effectiveness?</p> <p>You should employ a variety of mechanisms to ensure your marketing strategies are effective. Examples include:</p> <ul style="list-style-type: none"> – Asking new clients/donors to indicate how they heard about you – Monitoring website traffic – Monitoring social media engagement – Increases in donations/volunteers/clients 	



Good budgeting processes will be paramount in helping managing cash flow, expenses and income. Only with realistic, accurate and flexible budget processes will you be able to plan for the financial year.



FINANCIAL INFORMATION FOR SERVICE PROVIDERS

Many service providers receive block funding to provide services in the disability sector. DisabilityCare will change the funding model, with funding to be provided to individuals. You may need to change your accounting practices to an individualised funding program to cater to this new model, and consider improved management accounting practices for improved management of your finances.

Management accounting or managerial accounting is concerned with the provisions and use of accounting information to managers within organisations. It is used to provide them with the basis to make informed business decisions that will allow them to be better equipped in their management and control functions. In contrast to financial accountancy information, management accounting information is:

- primarily forward-looking, instead of historical;
- model based with a degree of abstraction to support decision making generically, instead of case based;
- designed and intended for use by managers within the organisation, instead of being intended for use by shareholders, creditors, and public regulators;
- usually confidential and used by management, instead of publicly reported;
- computed by reference to the needs of managers, often using management information systems, instead of by reference to general financial accounting standards

Under block funding models organisations know exactly when money is coming in and can budget for the year around this timing. DisabilityCare mode of funding is geared at ensuring individual choice so will be far less predictable, will come in smaller parts and more often, meaning that managing cash flow and ensuring there is enough cash to pay for expenses might be harder to plan.

Good budgeting processes will be paramount in helping managing cash flow, expenses and income. Only with realistic, accurate and flexible budget processes will you be able to plan for the financial year. It will enable you to estimate when you will receive revenue and when to pay expenses.

Rather than being provided with funds in a block, you will be competing for services and be reimbursed when your services are utilised. This is called *just in time* accounting. You may need to seek professional assistance to change your accounting practices to adjust to the different funding model. You will have to manage cash flows so expenses are reimbursed when due, which can be harder to manage with just in time funding as many expenses come at regular intervals which may not coincide with your new revenue streams. Proper control and budgeting processes will ensure you are always able to pay your expenses while not reducing your services.

You will also have to adjust how to determine the cost of services to ensure that clients are billed correctly for your services. This will involve determining the cost of each individual service provision you provide to clients so you can bill them appropriately. It is important to account for not only the direct costs of the service provision but allow for the expenses that are usually 'hidden'.

FINANCIAL INFORMATION FOR SERVICE PROVIDERS

CONTINUED

In brief the changes will involve determining a lot of planning. The aim of the planning process is to determine all the costs and revenue that you expect for the financial year.

The costs need to be separated in different cost categories, for example some direct costs of services are:

- salaries and wages of employees providing service to clients,
- equipment, materials and supplies used in the provision of services

While some indirect costs (also known as overhead costs) you will need to consider include:

- salaries and wages of employees providing support which is administrative in nature
- equipment repair
- new equipment
- training and development of staff
- recruitment costs
- office supplies

You need to take into consideration all the costs involved in the provision of services, which includes apportioning a percentage of overhead expenses you incur in the price you bill clients.

To determine the price of services you will need to find the *unit cost*, which is the average cost of the service provided. To determine the unit cost, you must allocate all expenses incurred in the provision of your service. This will include the *direct costs* of the labour and materials used in the service directly, but also a portion of *indirect costs*. Any expense that cannot be directly attributed to the service directly is an indirect cost (overhead cost).

EXPLANATIONS

Direct costs can be divided into labour and materials

Direct labour – the amount of wages and salary used directly in the provision of the service, i.e. therapist used in a therapy session, cost of aide that may help client in a session, etc

Direct materials – the amount of materials used directly in the provision of the service, i.e. paint used in a therapy session, medications used in provision of service, information sheets sent home with client, etc

Indirect costs (overhead costs) can be divided into labour and materials

Indirect labour – the amount of wages and salaries the service provider uses that are not directly attributable to a single service provision, i.e. the cost of the receptionist, accountancy costs, consultancy costs, manager's costs

Indirect materials – the amount spent on materials that cannot be attributed to a single service provision, i.e. the cost of therapy tools which are reused in many sessions, toys, office supplies, utility costs, rent, insurance, etc

Unit cost – the average cost of an individual service provision, including the direct labour, direct materials and a portion of the indirect costs

You have to identify what services you provide and the cost of these services on an individual level, so you can manage cost recovery in the absence of block funding.

For example an hour session in a physical therapy session could be the cost of the hour wage for staff and the cost of renting the room for that hour. But it usually requires more involved research to find the unit cost for a single session. The room may be part of a block of rooms that are rented year round, how much do you charge of a single session, the whole rent would be unfair if you have more than one session in that room. A similar problem is with supplies, tools or toys that are used more than once cannot be charged to just one session. Another issue is how to reconcile the cost of any secretarial work, wages for other support staff that do not charge out their services, i.e. receptionists, accountants, business owners.

All these costs can be broken down and apportioned to each session so that over time all costs are covered.

You will be required to set up a forecast of your expenses for the year and a forecast of how many clients you will be servicing and by how much to find your unit costs. This will set out the amounts of all direct and indirect costs for the financial period.

The first step in determining the unit cost is to find the amount of the indirect costs (overheads) which are planned for the financial period. Then this amount must be divided by the amount of service provisions that you plan for the year. This will give you a portion of the indirect costs which you can attach to each service provision to ensure that all indirect costs are recovered over the financial period.

$$\text{portion of indirect costs to be apportioned} = \frac{\text{total amount of indirect costs budgeted}}{\text{amount of service provisions forecasted}}$$

Once the portion of indirect costs to be apportioned to each service provision is calculated, it is added to the direct costs that have been planned for that service provision to give you the unit cost.

$$\text{unit cost} = \text{total direct costs of labour} + \text{total direct costs of material} + \text{portion of indirect costs to be apportioned}$$

As the total amount of indirect costs is divided by the forecasted amount of services to be provided, the more planned visits you see clients will reduce the amount of overhead costs you charge to each service provision.

If provide more than one service than you need to find each individual unit cost so you can bill clients accurately depending on which service they use. Also, if employees have different wages or salaries, then there will be different unit costs for different employees and they will also have to be charged correctly to clients. It is possible you will have multiple unit costs for your organisation.

FINANCIAL INFORMATION FOR SERVICE PROVIDERS

CONTINUED

Budgets and the planning process

The budget process involves a number of different budget plans. It is best to set a financial period and then break down this period into smaller sections. It is usually easiest to use your financial year end as the financial period and the months as the smaller sections but if for a valid reason you require another time period you can plan for this instead.

The first budget that must be planned is the *sales budget*. You must forecast how many clients you will plan for and how many times those clients will see you. The sales budget will detail when you expect revenue to be received and the total amount forecasted.

While this may be hard to comprehend, it is important that you recognise how important it is to not only determine how much you will charge clients but the method for collecting the funds; you may choose to ask for payment directly after service or allow a billing period for example. You must become comfortable with your decision, and follow your policy for billing clients as if you allow for non-payments this may increase the costs to other clients if non-payments occur frequently, and will affect your cash flow.

The sales budget is the first budget to be planned because only until you forecast your revenue can you plan for expenses, wages and salaries and cash flow for the financial period. Once you have finished your sales budget, you can forecast your *cash-flow* budget. This is where you forecast when money is coming in and when it is going out of your accounts. This will ensure that you can meet expenses when they are due. It is important to reconcile cash flow with your billing process when creating your *cash-flow* budget. Don't plan for revenue to come in March if you have a month billing period and the bill is settled in April. You must be realistic in when you will receive payments, so that you can plan your cash-flows correctly to ensure you have contingencies for when cash-flow may be reduced but expenses are high.

Now you can forecast your *labour* and *expenses budgets*.

The *labour budget* can use the information from the sales budget to plan out wage costs for the financial period. This is where you determine the cost of each individual employee, how many hours you will require in the period and when. If using a financial year period, then you would forecast how many hours per month for each employee, how much they would cost for those hours in each month period and then tally the total at the end.

The *expense budget* (or overhead budget) can plan out the costs of the other expenses that will be planned throughout the financial period, items such as materials used in provision of services, utility bills, rent or mortgage payments etc. It is important to know how much your organisation costs per month so that you can see if revenue matches or exceeds expenses for the period. While individual sections (i.e. months) may see higher expense to revenue, as long as you plan your cash-flow properly this can be managed. But long-term expenses exceeding revenue cannot be maintained. Your organisation may be able to experience some year-end losses dependant on your cash/asset reserves before the financial period, but you should see an experienced financial expert for more advice if you are concerned about your long-term viability.

EXPLANATIONS

Sales budget – forecast of revenue for the financial period broken down into sections, i.e. a yearly budget broken down into monthly sections

Cash-flow budget – forecast when revenue will be received and when expenses are due and cash will be moving either in or out of your financial accounts

Labour budget – forecast labour expenses for the financial period

Expenses budget – forecast of the expenses that will be expected over the financial period

Management reporting

An effective management reporting framework ensures:

- your plan will guide the goals of the organisation
- you and key managers in the organisation to think about and plan for the future
- you define where resources are needed and be more efficient in your management of those resources
- you identify if you will have any cash-flow issues throughout the financial period before they will occur so you have time to find solutions
- you have benchmarks to work towards and to evaluate performance against

It is of great benefit to any organisation to plan effectively for the financial period. But regular critical analysis of the budget throughout the financial period is also vital to the success of your organisation. A concern about the budgeting process is that it is a forecast only, and that you plan your resources around it. If for any reason you find your budgetary forecasts are inaccurate, then corrective action must be taken. This is called making a *flexible budget*, where you can adjust your budget in real time to record the actual service provisions you have made and adjusting accordingly. It shows what your expenses and revenue should have cost you for that amount of service.

Using your static budget (the budget you made at the beginning of the financial period) you have to adjust the revenue and amount of services used to the actual amounts. From here you can determine if the actual expenses and net operating income were above or below where they should have been. This is important because while your service may have been more or less than you planned, this does not mean that all your revenue and expenses were also reduced or increased by the same amount. Identifying discrepancies now rather than waiting until the end of the financial period can make you more efficient. It allows you to address issues before they become larger and unmanageable and decide on corrective action prior to the end of the financial period.

For example: You may have budgeted income and expenses based on having 100 clients. If your actuals results show that you are only delivering service to 50 clients than you will need to adjust your budget accordingly, as expenses may “blow out”. You can put an action in place which would be to place resources and effort into trying to attract more clients as well as minimising expenses until client levels reach predictions.

This is done by examining your activity, revenue and spending variances.

EXPLANATIONS

Static budget – the budget prepared before the financial period began

Flexible budget – budget that is updated throughout the financial period

Activity variance – shows the difference between the costs and revenue between the static and flexible budgets because of differences in the planned and actual amount of services provided

Revenue variance – shows the difference between what revenue should have been for the actual amount of service provided between static and flexible budgets

Spending variance – shows the difference between what expenses should have cost at actual service level compared to planned service level.

FINANCIAL INFORMATION FOR SERVICE PROVIDERS

CONTINUED

By examining our budget throughout the financial period and examining the consequences of differences in your plan to the actual results, you can identify any areas that you can improve. This is an important function of management accounting and will benefit your organisation greatly, as you will have much greater control over your finances and will gain greater efficiency in the services you provide simply by an improved planning function.

Be aware that changes in service levels could affect your unit cost. You may need to be aware of the changes and make decisions about your unit costs during a financial period if your planned budget is significantly different from the actual results.

It is also important to compare your budget to previous years as well. Without knowing how you have done historically, you cannot examine the state of your current progress. If you are experiencing higher levels of service, but your labour costs have stayed the same you should question management or employees about their workload and see if the higher workload is decreasing the quality of service. If you have seen a 5% increase on previous year but your labour costs have increased by 20% you should examine what is causing such a difference. Maybe the increase is unplanned and so overtime is being used. Or maybe recruitment of a new employee is necessary as current employees already work full time hours. There can be many issues that can be identified through the budgeting process and the constant revising and comparison of the budget to both the actual results and historical data.

Knowledge is power and having all the financial information in front of you is the most important management tool you can have to not only find problems but also find the solutions.

Planning of finances is important to your organisations success. Without planning you cannot control your costs and make your organisation efficient enough to succeed in an increasingly competitive market. Controlling costs, determining price and managing cash-flows are some of the benefits of the planning process, but they are also necessary because of the changing to the new funding model. You may be used to block funding and being able to allocate funds throughout the year with some degree of flexibility, but with individualised funding being introduced, funding will come in sporadically, meaning cash-flow will become an important management function. There will also be increasing pressure to market your services as individuals will have more choice in services. Becoming an efficient and productive service provider as well as providing quality service to clients will give you a competitive edge in this environment.

After making such an effort to plan a budget, it would be unwise to then not utilise it to benchmark your performance. If you are not meeting targets in any area, question why. If you are exceeding targets and resources are being stretched you can use your budget to see where resources are stretched and require solutions. Also if you are meeting targets but not seeing a big gain in revenue to match, then analysis of your budget will examine where costs are not controlled and help you find solutions to these problems. If one area of your organisation is performing poorly when everywhere else is meeting their targets, then you can address that particular area with managers or employees.

With the budget process complete and regular examination of your progress to both the actual results and the historical data you can then begin using this information to plan for your future. Using your financial data for future planning is vital because you can use the data to make or justify decisions, to help you be realistic of your future plans. It can also show you the consequences of what future plans could look like. For example if you think that an extra staff member could increase services by 2%, you can see what your current figures show, add the cost of labour and the expected increase in revenue to the figures and see if the cost is beneficial or not, it may be that an extra staff member creates thousands of dollar increase over the cost of their salary or wage, or the opposite could be true and they cost more to employ than the benefits you expect to gain from this decision.

Managers of services should be able to have the information in an understandable format to allow them to make informed decisions. The key to success in being proactive with financial information is to ensure that people who have the intimate knowledge of their services or department are engaged in the planning processes and are met with regularly to have input into actual results and initiatives that can improve upon these results. An excellent management accounting framework includes these components. You will need to ensure that your finance department has the skills to engage with managers about their department's workings and support them in understanding the financial side of their business.



In the implementation of DisabilityCare, the Federal Government is aiming to improve opportunities available to people with a disability in all areas of life through the provision of reasonable and necessary supports and increasing community awareness⁹.



EMPLOYING PEOPLE WITH A DISABILITY

Renewed efforts are anticipated in the area of employment of people with a disability. This presents an opportunity for the disability service sector itself to lead by example.

While there are certainly many service providers that do employ people with a disability and reach out to potential candidates, it's nevertheless worthwhile reiterating the benefits of employing people with a disability, and how you can reach out to job candidates.

The benefits of employing people with a disability are well documented.

They include:

- Australian and international research has shown that employees with a disability are generally more reliable than other workers. Employees with a disability have reduced levels of absenteeism and take less sick leave¹⁰.
- Employees with a disability are more likely to stay long term with your organisation and have a lower incidence of workplace injury¹¹.
- Productivity rates of employees with a disability are, on average, comparable to other workers¹².
- Employing people with a disability promotes an inclusive workplace and may positively impact on workplace culture and morale¹³.

⁹ www.ndis.gov.au 'What is an NDIS?', Accessed March 2013.

¹⁰ Australian Government: Job Services Australia & Disability Employment Services 'An Employers Guide to Employing Someone with a Disability', available at: [http://jobaccess.gov.au/Publications/Documents/Employer's%20Guide%20to%20employing%20someone%20with%20disability%20\(PDF\).pdf](http://jobaccess.gov.au/Publications/Documents/Employer's%20Guide%20to%20employing%20someone%20with%20disability%20(PDF).pdf), 2.

¹¹ *Ibid.*

¹² *Ibid.*

¹³ *Ibid.*



TIP!

The best source of information about barriers to employment for people with a disability comes from people with a disability.

EMPLOYING PEOPLE WITH A DISABILITY

CONTINUED

There is a wealth of information available to employers who are wanting to widen their recruiting to encompass candidates with a disability. A good place to start is www.jobaccess.gov.au. The 'Employers and Managers' section of this website guides you through a step by step approach to recruitment and supporting people with a disability at work.

In brief, some factors to consider in recruiting individuals with a disability include:

- Advertise in a variety of ways, ensuring your advert is accessible to individuals with a disability;
- In your advert, actively encourage individuals with a disability to apply for the position;
- Emphasise the essential skills required to perform the role;
- Ensure application forms or processes are available in accessible formats;
- Consider using a recruitment agency such as Job Services Australia or Disability Employment Services. The National Disability Recruitment Coordinator in your state can link you in with recruiters. Organisations such as Disability Works Australia Ltd (www.dwa.org.au) can also link you in with multiple recruiters;
- Ensure your induction processes are thorough and use them to discuss additional supports that employees may need;
- If you need to make adjustments or modifications in the work space, your organisation may be eligible for financial assistance. Websites like www.jobaccess.gov.au can help you find out more information about this;
- Investigate apprenticeship, traineeship and work experience opportunities to widen your potential recruitment options.

tlconsult.com.au

