



# Social Policy Research Centre Report Series

Never Stand Still

Faculty of Arts and Social Sciences

## **Building an Industry of Choice: Service Quality, Workforce Capacity and Consumer-Centred Funding in Disability Care**

### **Summary Report**

**Natasha Cortis, Gabrielle Meagher, Sharni Chan, Bob Davidson & Toby Fattore**

**March 2013**

**SPRC**  
Social Policy Research Centre

## INTRODUCTION

---

In Australia, the provision of disability services is undergoing large-scale, systemic reform (COAG, 2012). Consumer-centred funding models, including allocations of funds which are portable between providers, and self-managed, personal or individual budgets, are an increasing part of the service mix, and are likely to continue to grow as the Commonwealth expands its activity, and the scale of public funding, in the disability field (COAG, 2012).

This report is concerned with the impact of consumer-centred funding models on disability service workers, with particular focus on their capacity to provide high quality services. More detailed discussion is contained in the main report (Cortis et al., 2013).

The work is premised on recognition that there are critical challenges confronting disability care and support in Australia, and that a high quality, high capacity and sustainable workforce will be essential to an effective and consumer-focused service system. Currently, the disability service sector is not an industry of choice for skilled workers. Challenges relating to low pay, low status, underskilling, and casualisation present threats to the capacity to implement change in the service system, and to meet policy goals of system expansion and consumer-centred care. These challenges may also be exacerbated by individualised funding, especially if arrangements enabling consumers to directly engage their own support workers are inappropriately designed and managed.

## MODELS OF INDIVIDUALISED FUNDING

---

As the main report shows, various models of individualised funding are predicated on the understanding that promoting consumer choice and control will help overcome welfare paternalism, improve efficiency, and promote service users' autonomy, independence, inclusion, rights and citizenship (Glendinning, 2008). However, models differ in terms of their aims and structure, and the context in which they were introduced. Models have different rules about who is eligible; who can hold and manage the funds; the forms of support that funding can be used for; how providers are regulated; whether and under what conditions recipients can directly employ staff; whether they can purchase services from family members; and the role of intermediary organisations in managing funds and/or giving support and advice to users (COAG, 2012; Fisher et al., 2010). Models also differ in terms of the existence and extent of workforce planning and development, and the recognition given in the broader policy framework to the importance of the workforce to quality service provision.

Importantly, the adequacy of individualised payments – the extent to which the size of the payment enables the recipient to fully meet their needs – is also a variable feature of the

design and operation of these schemes. Where payments are inadequate, recipients who purchase labour may face a trade-off between the rate of pay they can offer, the number of hours of support they receive, and the quality of the support worker (in terms of skills and experience) they can afford to engage. Payment adequacy interacts with expenditure rules and employment standards to create an array of risk profiles for service users and support workers. For example, where expenditure rules and employment standards are weak, and payments low, support workers can be at risk of exploitation.

Our review of funding models in England shows how the introduction of consumer-centred funding through direct payments and individualised budgets have contributed to the development of a poorly regulated market for personal assistants directly engaged by users, and much instability for organisations. Payments have been inadequate for many; employment of family members and friends has been common; and access to training has been limited (Adams & Godwin, 2008).

In Australia, all states and territories have programs in place which incorporate forms of consumer-directed funding (COAG, 2012). However, Western Australia is the most advanced in enabling clients to control service delivery, while Victoria has taken a more strongly market-oriented approach.

In Western Australia, the emphasis of is on planning and designing services around consumer needs and preferences, and enabling consumers to exercise choice and control through a notional allocation of funds. Western Australian policy restricts direct employment of family members to exceptional circumstances only, and has a funding structure intended to support organisational capacity, so that consumers need not fully arrange and manage their own care (Fisher et al., 2010; Productivity Commission, 2011, p. D.5).

In Victoria, individual packages are accounting for a significant proportion of disability spending. However, not all these funds are direct payments, some are held by service providers or other intermediaries. A significant feature of Victorian policy is the radical expansion of direct employment from December 2012, which has been predicated on a very weak base of evidence (Department of Human Services, 2011; HDG Consulting, 2010). The effects are not yet evident.

# THE IMPACT OF INDIVIDUALISED FUNDING ON PAID CARE WORKERS

---

The literature review confirms there are profound limitations in evidence about the impact of individualised funding on workers, and their capacity to deliver quality services (Manthorpe et al., 2011). Notwithstanding, we identified how individualised funding schemes can create a number of workforce risks and uncertainties. For those who are employed by organisations, there is evidence that many of the risks associated with increased flexibility are being passed onto workers. Some organisations have responded to increases in short notice requests for example, by expanding their casualised, on-call workforce, for whom there appear few offsetting benefits. Where service users engage staff through direct employment or subcontracting arrangements, some studies have emphasised benefits in that some workers may feel less rushed than when time is rationed by an agency, and that workers sometimes appreciate negotiating hours and other conditions directly with consumers. However, the literature suggests the risks are substantial, and these outweigh the limited benefits for some. These risks relate to workers' job security; income security; opportunities to gain, use and retain skills; access to healthy and safe work environments; and rights to voice and representation (Adams & Godwin, 2008; Baxter et al., 2011; Cunningham & Nickson, 2010; Glendinning, 2012; Land & Himmelweit, 2010; Leece, 2010).

## SERVICE CONTINUITY AND JOB SECURITY

### *Issues for workers in organisations:*

- Job loss as service users opt out of organisationally provided services
- Loss of direct care functions if organisations redirect resources to non-direct care functions such as administration and planning and managing funds
- Increased casual employment in response to fluctuations in consumer demand
- Increase in unsteady, unpredictable, anti-social hours as services respond to increases in short notice requests and consumer banking of hours
- May lack a formal employment contract or have a non-existent or changing job description, especially in small organisations

### *Issues for contractors*

- No employment contract
- Job description may be non-existent or changing
- No guarantee of regular hours or ongoing work
- Lack of access to severance pay

*Issues for workers in direct employment:*

- No formal employment contracts
- Non-existent or changing job description
- Employer discrimination, including racism, in hiring and firing decisions
- Lack of access to severance pay
- May be difficult for employed family members to leave

## **INCOME SECURITY**

*Issues for workers in organisations:*

- Low wages
- Threat of further reductions in wages and other payments, including through the use of piece rates, and the loss of payments for meetings and travel
- Unpredictable pay where hours fluctuate
- Loss of income if consumer is hospitalised or dies, especially in small organisations

*Issues for contractors*

- Pay and conditions may fall below award levels
- Unpredictable hours and pay
- Inability to achieve a decent wage, especially if hours available are very short
- Increased responsibility for individually negotiating conditions
- Increased personal responsibility for financial management, including invoicing clients and recovering debt
- Risk of underpayment or late payment

- No paid leave
- Loss of income if client is hospitalised or dies
- Personal responsibility for managing multiple contracting arrangements and clients
- May be difficult to ensure compliance with sham contracting laws

*Issues for workers in direct employment:*

- Low wages, especially where government funding provided to consumers is inadequate
- Increased responsibility for individually negotiating conditions with no increase in bargaining power
- Increased personal responsibility for financial management, including recovering unpaid wages
- Attempts to employ staff at below-award rates and conditions
- Inability to achieve a decent wage if hours available are very short
- Underpayment or late payment of wages
- Difficult to use leave without access to substitute staff
- Loss of income if employer is hospitalised or dies
- Multiple job holding, and the need to manage multiple employers, employment arrangements and conditions

**OPPORTUNITIES TO GAIN, USE AND RETAIN SKILLS**

*Issues for workers in organisations:*

- Need for higher level skills, and multi-skilling in some aspects of the work
- Downgrading of direct care practice where work refocuses on brokerage, assessment and navigating the service system
- Limited access to non-mandatory training
- Growth in lower skill positions

- Turnover may provide a disincentive for organisations to invest in training

*Issues for contractors*

- Responsible for own training
- Skills developed through on-the-job, consumer-specific training only, rather than formal training
- May be difficult to access opportunities to perform tasks that maintain higher level skills
- Future employers may not recognise providing care for family members to be valid experience
- Lack of access to professional supervision
- Lack of access to learn from colleagues

*Issues for workers in direct employment:*

- No budget for training
- Emphasis on on-the-job, consumer-specific training rather than formal training
- May be difficult to access opportunities to perform tasks that maintain higher level skills
- Future employers may not recognise providing care for family members to be valid experience

**A HEALTHY AND SAFE WORK ENVIRONMENT**

*Issues for workers in organisations:*

- Increased pressure to perform tasks as directed by clients, some of which may not be in accordance with health and safety requirements
- Increased pace and intensity of work
- Over-work
- Poor work-life balance

*Issues for contractors*

- No OH&S framework to guide practice
- Increased pressure to perform tasks as directed by clients, some of which may not be in accordance with health and safety requirements
- Undermining of health and safety where employers do not understand or respect responsibilities and legal obligations
- No professional supervision
- Over-work
- Poor work-life balance
- Lack of access to social support from colleagues

*Issues for workers in direct employment:*

- No OH&S framework to guide practice
- Increased pressure to perform tasks as directed by clients, some of which may not be in accordance with health and safety requirements
- Undermining of health and safety where employers do not understand or respect responsibilities and legal obligations
- No professional supervision
- Over work
- Poor work-life balance
- Risk of bullying and abuse
- Family members providing paid care may be at risk of over-servicing, and may lack access to respite

**RIGHTS TO VOICE AND REPRESENTATION**

*Issues for workers in organisations:*

- Diminished voice and workplace power through casualisation
- Isolation of workers
- Difficult to inform workers of rights as workforce dispersed



*Issues for contractors*

- Isolation of workers

*Issues for workers in direct employment:*

- Isolation of workers
- Difficult to inform workers of rights as workforce dispersed

## **PROMOTING SERVICE QUALITY & WORKFORCE CAPACITY**

---

The service system requires a high capacity and skilled workforce for fostering the capabilities, wellbeing and participation of people with disabilities; and assisting them to take more control in defining and meeting their own support needs. Yet work in disability services is characterised by low pay and insecurity. Unless individualised funding models are carefully designed and implemented, they may exacerbate these threats to service quality and the continuity of care, and incur high costs in monitoring and ensuring compliance. Strategies for protecting against these risks and promoting employment standards and standards of service quality in the context of individualised funding include:

### **IMPROVING GOVERNMENT FUNDING**

Funding should cover the *full* cost of service provision, including decent wages, and the costs of training, recruitment, leave, and superannuation. This will help ensure a flow of workers into the industry, and the retention of the existing workforce.

### **ENSURING THE SUSTAINABILITY OF SERVICE PROVIDER ORGANISATIONS**

A market consisting of a multitude of atomised and inexperienced small employers should be avoided. This would be extremely costly to regulate. Government funding to ensure service providers' basic infrastructure and administrative capacity of service provider organisations would help them remain sustainable, and to properly fulfil their roles as responsible and compliant employers.

### **MINIMISING THE ROLE OF CASH PAYMENTS**

Goals of consumer choice and control can be achieved through models other than cash payments, including through user-centred planning and notional funding allocations. These appear to more effectively maintain organisational capacity to respond to, and advocate for, consumer need.

### **AVOIDING & MANAGING DIRECT EMPLOYMENT**

Many of the risks identified in the literature would be managed by altogether avoiding the model of direct employment. Where direct employment is allowed, the capacity of consumers to be employers, and the working conditions that can be offered, should be carefully regulated. Significant public resources will be needed to ensure employers understand their responsibilities around wages, leave, health, and safety. Government resources will also be required to monitor and ensure compliance.

### **AVOIDING & MANAGING CONTRACTING ARRANGEMENTS**

By placing workers outside the employment protection frameworks, contracting can undermine workforce investment, planning and the continuity and quality of care. In some

cases, contracting arrangements may be inappropriate, and monitoring compliance with independent contracting laws is likely to be costly. Adequate government funding will help ensure the costs of decent employment conditions can be covered, reducing pressure to contract for care.

### **AVOIDING EMPLOYMENT OF FAMILY MEMBERS**

Directly employing family members and close friends or neighbours may not be ideal, as these arrangements may displace unpaid assistance and result in less care overall. Employing family members may also compromise the capacity of consumers to freely and independently exercise choice and voice, and risk the family member depending on the person with a disability for income, with limited access to respite. Arrangements may also be difficult for paid workers to leave, and future job prospects could be damaged if the work is not recognised as valid experience.

### **MANAGING DEMANDS FOR FLEXIBILITY**

Where organisations and individuals must respond to fluctuations in consumer demand, funding arrangements should be sufficient to ensure consumers can pay a premium. Organisations should also be resourced to provide flexible responses in ways that do not rely on casual staff.

### **WORKFORCE PLANNING AND DEVELOPMENT**

The introduction of the National Disability Insurance Scheme should be introduced with a coherent national workforce planning, development and monitoring strategy, publicly resourced and developed collaboratively with workers and their representatives, government agencies, employers, and service users.

### **BUILDING ALLIANCES WITH SERVICE USERS AND PROVIDERS**

The quality of care and support for people with a disability, and the quality of the workforce, are inextricably linked. Strengthening alliances between unions and service users, service provider organisations, and their peak bodies would build capacity to pursue mutual interests in service quality and the workforce.

### **INVOLVING SUPPORT WORKERS IN RESEARCH AND EVALUATION**

Research and evaluation studies have not captured disability support workers' experiences, or have depicted them based on managers' or policy officials' accounts, rather than the perspectives of workers themselves. Capturing the experiences of disability support workers in research and evaluation would help to monitor the impact of individualised funding models, and would improve capacity to develop appropriate models.

## CONCLUSION

---

It is clear that sufficient – and significant – resources will need to be devoted to the task of meeting the stated aims of disability policy in Australia in a way that maintains the independence and dignity of people with disabilities, their families and paid workers who provide support. People with disabilities rightly expect support services to meet their needs flexibly, respectfully, and in ways that fundamentally attend to their individuality. Controlling an amount of money is one way of providing access to such services – a way with considerable risks for both the person needing services and the people providing them.

The National Disability Insurance Scheme is being introduced in a context in which there is already strong evidence of recruitment and retention difficulties stemming from decades of under-investment, low pay, and insecure working conditions. Without recognition of the role of the workforce in a quality service system and initiatives to ensure workforce planning and appropriate models of regulation, it is unlikely that either goals of national system expansion, or standards of service continuity and quality for consumers, will be met.

Based on our analysis, standards of care for consumers may be best safeguarded where:

- arrangements that involve both *direct* employment of workers by people with disabilities, and *contracting* (rather than employment) models are carefully managed or avoided;
- overall levels of government funding and payments to consumers and service provider organisations are sufficient to support a decent income and safe working conditions;
- workers are supported to upgrade and develop their skills;
- there is a properly resourced strategy to build workforce capacity and sustainability, resulting from genuine collaboration between government and sector stakeholders

Overall, this report recommends what has been called a ‘high road’ strategy for care work reform (Folbre, 2006). Such a strategy may involve some higher costs in the short term, but in the intermediate and longer terms will lead to more sustainable and higher quality service delivery, better outcomes for people with disabilities, and a more efficient and cost-effective system of care.

## REFERENCES

---

- Adams, L., & Godwin, L. (2008). *Employment Aspects and Workforce Implications of Direct Payments*. London: IFF Research.
- Baxter, K., Wilberforce, M., & Glendinning, C. (2011). Personal Budgets and the Workforce Implications for Social Care Providers: Expectations and Early Experiences. *Social Policy and Society*, 10(01), 55-65.
- COAG. (2012). *Regulation Impact Statement: National Disability Insurance Scheme*. Canberra: Council of Australian Governments.
- Cortis, N., Meagher, G., Chan, S., Davidson, B., & Fattore, T. (2013). Building an Industry of Choice: Service Quality, Workforce Capacity and Consumer-Centred Funding in Disability Care *SPRC Report 02/13*. Sydney: University of New South Wales.
- Cunningham, I., & Nickson, D. (2010). Personalisation and its Implications for Work and Employment in the Voluntary Sector: Voluntary Sector Social Services Workforce Unit. Department of Human Services. (2011). *Direct Employment Project, Disability Services Division - Response to Evaluation*. Melbourne: Retrieved from <http://www.dhs.vic.gov.au/about-the-department/documents-and-resources/reports-publications/evaluation-of-direct-employment-project>.
- Fisher, K., Gleeson, R., Edwards, R., Purcal, C., Sitek, T., Dinning, B., Laragy, C., D'Aegher, L., & Thompson, D. (2010). Effectiveness of individual funding approaches for disability support. In FAHCSIA (Ed.), *Occasional Paper 29*, . Canberra.
- Folbre, N. (2006). Demanding Quality: Worker/Consumer Coalitions and "High Road" Strategies in the Care Sector. *Politics & Society*, 34(1), 11-31.
- Glendinning, C. (2008). Increasing choice and control for older and disabled people: A critical review of new developments in England. *Social Policy & Administration*, 42(5), 451-469.
- Glendinning, C. (2012). Home care in England: markets in the context of under-funding. *Health & Social Care in the Community*, 20(3), 292.
- HDG Consulting. (2010). *Evaluation of Direct Employment Project Melbourne*: HDG Consulting Group.
- Land, H., & Himmelweit, S. (2010). *Who Cares: Who Pays? A Report on Personalisation in Social Care*. London: Unison.
- Leece, J. (2010). Paying the piper and calling the tune: Power and the direct payment relationship. *British Journal of Social Work*, 40(1), 188-206.
- Manthorpe, J., Moriarty, J., & Cornes, M. (2011). Keeping it in the family? People with learning disabilities and families employing their own care and support workers Findings from a scoping review of the literature. *Journal of Intellectual Disabilities*, 15(3), 195-207.
- Productivity Commission. (2011). *Disability Care and Support (Vol. Report no. 54)*. Canberra.