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The Care Factor

A Conversation with Australia's Social Care Leaders

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The Zakumi Orange Papers

Zakumi has a long and successful history in the social care sector and produces quarterly opinion papers on topics and issues of relevance to the sector. These are intended to provide insights that may stimulate further conversations or actions. Please feel free to share them with others in the hope they will spark new thinking and discussion.

Acknowledgements

The content of this paper reflects our interpretation of the individual conversations with sector leaders. As part of our commitment to enhancing Australia's Social Care Sector, Zakumi undertakes Action Research Projects, reviews contemporary literature and practice and documents ideas for sharing.

In January 2011 we interviewed and documented conversations with sector leaders to ascertain what they thought the future would bring, the challenges and the opportunities. Five years later we repeated the exercise with other leaders. This Paper is our analysis of what leaders think about the current context and their view about the future.

Our sincere thanks to the following people. ***The sector is in good hands.***

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Pamela Rutledge	CEO Richmond PRA
Deirdre Cheers	CEO Barnardos
Violet Roumeliotis	CEO Settlement Services International
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1. Introduction

In 2011 we spoke with not for profit leaders and documented our findings in a paper entitled *Here, Now and Later; A Conversation with Not – for – Profit Leaders*. We repeated our conversation with a new set of leaders in late 2015 and early 2016. In this paper we compare the then with the now, and provide some commentary about the future.

Depending upon who you speak to, the sector is either in the midst of change, has been constantly changing or is at the tail-end of a significant structural and technical shift that will last for decades. Arguably, they are all correct and "things" in 2015 are different to those experienced in 2011. Having said that, many of the current issues and consequences faced by social care organisations were forecasted by leaders and for some, they are part of an organised and much-needed shakeup of the "industry". According to others, the changes are about a calculated shift by government to move away from both service provision and in some cases funding social impact and social change.

It is clear that there is to be no winding-back of the clock or stopping the sands of change. A strong, diverse and capable social care sector will continue to be needed whilst disadvantage, inequality and social care need continues to exist in Australian communities. What is beginning to show up is that whilst no one sector has a monopoly on "doing good", Australia's changing social care sector has the demonstrated that the "Care Factor" that will shape care, support and social impact for the next decade.

2. The Social Care Sector

One of the starkest changes that has occurred but not necessarily been noted has been the changing nomenclature. For previous periods, we have been content to believe we had three sectors; those that made a profit, those that didn't and of course government. However, with the reforms and changes have come new players, many of whom are seen as ''for-profit'' organisations. Initially viewed with scepticism and cynicism, many of these companies/businesses have made very successful forays into the social care market. Whilst not always embraced by their "not for profit" peers, they are being accepted as potential collaborators or ruthless competitors. It seems appropriate that it is now more acceptable to define the sector by "what you do'', not ''who you are''.

Indeed, today we find a myriad of players, for-profit, not-for-profit, government and "hybrid" organisations doing work in communities, all of whom aim to engender better outcomes for people in need. Thus the term ''the social care sector'' has been used as a catch-all term for the multitude of operators that now ply their trade in this space. *"For purpose, not for profit, social care…If you can come up with a better term to define the sector let me know. What is true however is that not for profit organisations no longer have a monopoly on health, community and social care…"* Pamela Rutledge, CEO Richmond PRA

Whilst there are new entrants, it is important to note that not for profits still have a strong hold on this changing sector and the number of not for profit organisations are also growing. Whilst gaining accurate data is complex, it is useful to assess the information gleaned from the (more-or-less) recently established Charities and Not-for-Profit Commission (ACNC). In 2014, we considered there to be more than 600,000 social care organisations in Australia. The bulk of these (in terms of number only) are still small, non-employing organisations that rely on the voluntary contributions of members (and others). However, if one reviews the ACNC data from the previous two reporting periods (2012/13 and 2103/14), bearing in mind that under the ACNC Act, "charities" are classified as small, medium or large in a financial year depending

on their total revenue generated during the reporting period; 17% were regarded as large (revenue in excess of 1M, 16% as medium (less than 1M) and 67% as small (less than $250,000). In the 2014 reporting year, this was largely unchanged (19% were large, 17% medium and 64% are small). However, as more data was gleaned, some patterns emerged; amongst 'small' charities, most reported income of less than $50,000 – 30% of these reported income less than $50,000. There was also large variation among large charities. In this category, charities' incomes ranged from $1 million to over $100 million. Overall, 4.8% of charities reported incomes of more than $10 million. A small number of charities

(0.4%) reported incomes of more than $100 million. Charities that reported income of more than $100 million reported that their main activities were in higher education, aged care, hospital services, rehabilitation and social services. The sampling in both reporting periods was approximately the same (38,000).

Aside from being a very large and growing sector (not-for-profit organisations have a combined total income of over $103 billion), they are also very large employers, employing over 1 million workers.

On the basis that there were 11,582,400 employed persons in Australia in June 2014 (seasonally adjusted ABS, 2014), not for profit organisations employed up to 9.7% of the total workforce. The majority of the workforce is female and approximately equal proportions (40%) work part-time and full-time. The remainder are casual employees. However, one characteristic of the section has not shifted over time - in 2014 a significant proportion of charities (44.3%), employed no paid staff. *"…The offer we make to communities is our capacity to engage and support volunteers .. for example our foster care program depends on volunteers.."* Deirdre Cheers CEO Barnardos

In relation to social care, this data from the ACNC is limited. We know that as government has changed its policies and in many instances role in social care, a new social care market is emerging. This market is made up of sole traders, for profit businesses (including large companies and small businesses), not-for profit agencies of the state (i.e. traditional contractors of government), charities, and emerging "hybrid" organisations driven by purpose, delivering on behalf of government but also raising their own funds to do their work. As a consequence, what we are seeing is a changing social care sector with agencies looking to enter, or reinvent themselves to take up the opportunities.

3. Conversation Themes

Given the challenges that lie ahead, The Social Care Leader Conversations attempted to evaluate how well prepared the contemporary leaders were to address the foreseeable and unknown challenges. Zakumi undertook its own research to determine the factors that have and were likely to shape social care organisations over the next decade and then asked leaders what they thought the challenges were, and mapped the trends. There were six (6) key issues that emerged from the literature, almost all of which were supported by international evidence and conversation themes.

- Pressure to consolidate (grow or merge)
- Marketisation of the industry
- Growing focus on preventative health and re-ablement
- Advancement in medical and related technology
- Workforce structure, performance and management
- Raised expectations from customers

Theme 1 Pressure to consolidate

As government policy has shifted, significant pressure has been placed on organisations, (especially smaller to medium-sized locally-based organisations) to grow. *"..Scale becomes important when you want to influence social change…"* Robyn Cahoun, CEO Common Equity NSW

This growth is not seen in terms of impact or outcomes but in terms of organisational size and scale. The challenges faced by many of organisations who have been delivering and existing over the past two decades (or longer) are primarily driven by revenue/funding and most have been unable to address the issue outside of a merger. Many of these organisations (Boards and senior staff) have not had the expertise nor the resources to effectively grapple with the complexities of collaboration. Indeed, government has often portrayed collaboration to mean merger, rather than an array of arrangements that could lead to better and more effective collaboration. This is occurring against a backdrop of competition, engineered by government from the turn of this decade. Organisational strategy has been dominated by talk or mergers, alliances, joint ventures and the like but there is insufficient evidence to suggest that anything of consequence has materialised for the benefit of customers/clients.

The mantra of ''bigger is better'' was manifest in the 1980s and 1990s when growth was almost largely achieved through the securing (usually via competitive tender) of government funding (contracts). Now the rationale behind the growth mantra has shifted and for many, has been driven by sustainability or survivorship. This is compounded by the fact that government funding is changing to a largely consumer-directed model and organisations are unsure how to grow without government funding (hence the propensity to entertain a merge or alliance of some nature).

The trend for not only this sector but almost all of those that government either funds or regulates is to consolidate the number of ''players'' that government needs to deal with. In essence, consolidation is the desire, collaboration is the catch-phrase. *"…We did see the challenges coming and what we did was use all our community skills to bring people together and build scale without diminishing local connection and independence…"* Violet Roumeliotis

It is debatable whether government would truly support or desire a sector that is highly collaborative but consists of a wide range and number of organisations. It is not debatable that customers and clients would desire and support a sector that is collaborative as well diverse and consists of numerous organisations.

Theme 2 Marketisation of the Industry

Almost all of the sub-sectors that make up the social care economy are in the process of being ''marketised''. The National Disability Insurance Scheme (NDIS), Out of Home Care and Aged Care sectors are experiencing the shifting of funding from government directly to (eligible) individuals. The issue of defining a market or perhaps more accurately, the required dynamics for a viable market is complex in the social care sector but at a minimum appear to include:

- An element of private ownership. That is, something can be traded and as a consequence someone gets something in exchange for (usually) money.
- Choice. People are free to produce, sell and purchase goods and services in a free market. Their only constraint is the price they are willing to buy or sell for, and the amount of capital they have.
- Self-interest. The market is driven by people trying to sell their goods or services at the highest/best price whilst at the same time paying the least for the goods and services

they need. Although the motive is selfish, it works to the benefit of the economy over the long run.

- Competition. The forces of competitive pressure keeps prices moderate, and ensure that goods and services are provided most efficiently. There must be competition for the market to operate.
- System of Markets and Prices. The critical element here is access to information. In an efficient market, buyers and sellers have equal access, and the same information upon which to base their decisions. Prices vary depending on the laws of supply and demand.
- Limited Government. The role of government is simply to ensure that the markets are open and working. It also makes sure that everyone does have equal access to the markets.

"There is a real role for governments and not for profits like Community Legal Centres to ensure those people most likely to miss out or be disadvantaged in the new market context – don't get further disadvantaged.." Alastair McEwen, CEO Community Legal Centres of NSW

It is the last two points that present the greatest challenges. Information is available but not easily understood by the customer market which by default means that you don't have an effective market in operation. With regard to government, their current role is not simply ensuring that the market exists; it is only partly regulated and government has largely set prices. Thus, you have a market that is fixed on one end meaning that there is a fixed cost at which customers will purchase; yet on the other end, the deliverers of the service are forced to be market-focused and subject to market forces. Thus, market ''rules'' do not necessarily always apply. In addition, it is likely that over time, the market will become more deregulated and at that point it is almost certain that there will be another wave of new entrants. The real question is at that time, how many of the current providers will still be in business? How much diversity, choice and flexibility will exist for customers? Who is most likely to miss out?

Theme 3   Growing focus on preventative health and re-ablement

"*We need to take advantage of what technology offers us and step up our capability to prevent or re-able people to live independent lives..*" Robyn Chapman CEO, The Independent Living Centre.

The fact that over this and next decade we will see more of a focus on preventative health, the demand for in-home services and the consequent need for new and additional labour will intensify. There is significant evidence showing the positive impacts and cost savings associated with "reablement", "early hospital discharge" or "recovery" approaches and that those receiving reablement services compared to conventional home care were less likely to require home care services for several years afterwards. Similar evidence exists for recovery models of service for people with mental health problems.

In the aged care arena, "reablement services" reduced the cost by about $12,000 per person over nearly five years, which is a very compelling reason for government to continue to shift both services and the focus. It is becoming more obvious that with people living longer, the incidence of mental health increasing, domestic and family violence on the rise and the demand for out-of-home care increasing, demand for care and support will continue. Alternative programs and funding models have always been inevitable.

Equally, we are now aware that Home and Community Care Program has been replaced by the NDIS and the Commonwealth Home Support Program. In the case of disability, the move to individualised funding and person centred care is supported by programs that seek to

enhance a person's natural support networks, thereby reducing reliance on formal supports. The same can be said about the establishment of the Regional Assessment Service for people aged 65 years and older. This "independent" assessment service is driven by the "reablement" philosophy of care and seeks wherever possible to keep an older person out of the formal care system and refers people to formalised, third party care as a last resort. (According to a research paper, the median cumulative cost of all home care services in restorative service groups was half the cost of the conventional home care HACC groups at three months and less than one third of the cost for those followed up for nearly five years[1].

In supporting children and families, prevention strategies or innovation in care models continues to dominate new "pilot" resourcing strategies. The Going Home Staying Home reforms which have had an impact on organisations supporting people who are, or are at risk of, being homeless called for innovation and prevention business models.

In many ways the arguments/advocacy of the not for profit sectors a few decades ago has resulted in shifts in thinking and resourcing behaviours. Today we are most likely to see funders (government and philanthropists) wanting to understand the intended outcomes or impact their money will buy- as opposed to the types of direct services that will be delivered. *"..Impact is becoming very important. We need to make sure that every public dollar spent goes to eradicating the problem…not making it worse for individuals and their families. The role Boards play in making these decision is critical."* Elena Katrakis, CEO Carers NSW

The shift to impact and outcomes will continue to shape future services and challenge organisations in the social care sector that have relied heavily on a reactive (outputs and activities) model. The culture, style, skills and business models will all need to shift and to date there is insufficient evidence that new ways are being embraced with the appropriate speed and criticality.

If this is added to the other pressures like market forces, increased consumer/customer expectation, increased longevity and enhanced pressure from government to deliver outcomes, many organisations face a challenging time to re-orientate their focus and direction.

Theme 4   Advancement in medical and related technology

There is now widespread acceptance and increasing evidence that technology is playing a bigger and more important part of our lives. Whilst we accept and have made appropriate adjustments, there is little evidence to suggest that social care organisations have made similar adjustments. There is also little evidence to suggest that organisations have taken advantage of, or factored in the likely changes that will need to be made to the way care and support is delivered in a technology-enabled environment.

Whilst reablement is a philosophy that will require organisations to reposition themselves, technology will alter the way that organisations think and act in a more radical manner. In addition, the timeframe for change will be far less and consequently more challenging.

The issue many will face will be from the fact that collaborations and partnerships have not often been embraced and for many, they have been solely focused on executing their government contracts. That is, they have not spent time assessing the environment for

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1 Source: Darragh O' Keefe, Health and Financial Benefits of Reablement Highlighted; Ageing Agenda, Nov 2013

technological changes that may impact on their service; or identifying partners (from within and outside the sector) that they may embrace to deliver added value to their customers.

"A key way to manage in the 'new customer economy" is to find new ways to stay engaged and connected..." Pamela Rutledge CEO Richmond PRA

It is conceivable that in the future, technology-based providers with an existing customer base may seek to leverage into the social care sector, given the focus on wellbeing and reablement.

Theme 5   Workforce structure, performance and management

Arguably the biggest challenge and threat for social care organisations will come from managing, developing and maintaining a viable and skilled workforce.

"…Investing in people is essential. Equally so, workers must be developed and have transferrable skills, aligned values, the 'right' attitude, potential and adaptability." Karen Walsh, General Manager, SGCH

What is in effect occurring in the social care sector is that care, support and health are slowly being integrated. Whilst the integration is gradual given the legacy that exists in all the different industries, the desire and vision for government and more importantly customers, is that it will happen. For example, the work and thinking on the development and introduction of individualised e- health records will revolutionise how people manage their heath, access their providers and plan for their future. Technology will be critical and the control (and responsibility) will be shifted to individuals.

Success in delivering high value services will depend on a more flexible approach to skill acquisition, training and development. Integrated care works when there is clarity about the distinctive elements needed in the skill mix. The system-level challenge is to develop organisational capabilities to bring the right team together around the person/customer. The sector also needs to appreciate their own expertise and ensure it is built in and valued.

".. What I am concerned about is that I see a level of passivity in the sector, coupled with a lack of engagement with core, fundamental issues.." Pamela Rutledge, Richmond PRA

Closer relationships between health, education and social care are necessary. This might mean the integration of services, and that will have an impact on jobs and roles in the workforce.

For young people at risk the same applies ensuring there is integration between the education, health care and social care sector. For new settlers (e.g., refugees) integration of settlement services, education, employment support, housing will be critical.

As with the aforementioned (reablement, technology-enabled services and customers), services will need to change and it is true that helping someone reach aspirations for being included in their chosen community is a lot harder than doing things for someone. It requires a different skill set than direct service delivery. It will also require a re-evaluation of how we are organised. This does not mean a corporate restructure. It is more about restructuring how corporates think about their staff; how flexibly they are managed; how well their values align and how the entity is able to utilize a mix of labour. There will be increased competition from external contractors that have skills and experience in the sector but can offer their services at lower cost. If ever there was a time to invest in human resources, it is now.

"…At the end of the day, it is the workers who we send out to be with and support people and their families. We have to get them confident in their role. We have to create opportunities for others to join social care.." Chris Campbell, CEO The Junction Works.

It is essential that front-line workers have the requisite skills and knowledge; resilience; character and understanding of their role. Our workforce needs to get comfortable working in ambiguity. This goes well beyond what is attained through current courses. Frontline workers of the future will need demonstrated skills in reablement, language proficiency, utilisation of more complex technologies. They will need to be hyper connected and enable the people who they serve to be connected as well. The past decade in particular has seen the erosion of support and infrastructure to build and develop the workforce of the future. Much of the sector/s resources have gone to developing new systems, IT, plans, marketing and management to deal with the changes. Too little emphasis has been placed on developing the right level and type of skills in the customer-facing roles.

"…It is essential that a bridge be created between the past (legacy) and the future and many of the newer workers of today, would not have experienced the same issues as those that have significant history and experience in the social care sector. Both sets of skills and perspectives are important…" Esta Chilas Paschalidis, Manager SSI

Theme 6   Raised expectations from customers

With the advent of the above changes, the role of customer is changing and becoming central to all business models. Customers are not 're-badged'' clients. Clients have limited or no choice and are generally consumers of a service. Customers are different; they do have choices and are active participants in their own service.

This is not the same as ''consumer-directed care or person-centeredness''. These are terms that exists almost exclusively in the social care sector and we are seeing that one can be consumer-directed'' yet not 'customer-aligned''. Being customer aligned requires a significantly different skill set and thinking that the one required to be person-centered". The two can and should co-exist but one does not act as a proxy for the other.

In the health care area, there is a very strong push for services to be more patient-oriented and indeed, this sector has seen a large growth in the consumer or patient advocacy area. Again, being customer-aligned is not the same as advocacy; they can and should co-exist but are different.

Social care organisations have done quite a lot of work in getting more ready for the advent of the person-centred philosophy and a significant amount of this work has been at a systems-level. Less work has been done at the front-end in working with customer-facing workers and developing their skills and understanding of the differences between the two concepts. Many new entrants bring their "customer service" skills to social care and see the value of informed and engaged customers. Traditional social care organisations are much more skilled at providing program led services to people deemed eligible.

The sector is likely at the commencement stage of a revolution in the role that customers will play in determining and driving outcomes. For decades, clients have been passive recipients of services and over the next decade, customer expectation will intensify. With that intensification will come increased pressure on services to be more flexible and innovative which will also result in organisations needing to be more collaborative and to focus more on value (as opposed to cost).

4. Identifying the Trends

In 2011, sector leaders identified 5 trends influencing leadership and decisions. These trends were captured in a document, entitled Here, Now and Later. The key trends then were:

Trend 1

Necessity to measure what we do

Measurement of impact is essential. The industry has moved beyond talking about programs and activities and needs to look at ways that best describe the impacts of the work that is done.

Trend 2

Effective leadership at all levels

There is a critical lack of leadership skills and expertise and this needs to be developed. The strength of the industry needs to be enhanced and future leaders identified, nurtured and developed.

Trend 3

Look at ways to work collaboratively, partners and/or merge.

Growth for growth's sake is not advocated but ways to work together and leverage off the core strengths of others is essential. Organisations that are making an impact must be sustained and enhanced but some consolidation may be inevitable and can be positive.

Trend 4

Good governance is imperative.

If the future challenges are to be met, governance needs to be explored, modified and enhanced. The industry requires committed, experienced and skilled boards – all at once.

In 2016, we can begin to see a trend shift. A repositioning of priorities is emerging as the reforming social care context continues to evolve.

The key trends that have emerged from these conversations include;

Trend 1

Investment in people is key to success.

All the leaders talked about the importance of having a skilled and prepared workforce, but more so, workers that understood the message and the organisation. There seemed to be consensus that there needed to be a move away from the archetypical HR management processes, instead, adding development opportunities that facilitated better thinking and better practice/delivery. The urgency to build capacity and capability in the workforce was a common theme.

Trend 2

New Business Models are required.

The shift towards a more customer-aligned economy will require organisations to focus more on outcomes than in the past. This will require them to deliver better value for customers and consequently, to re-think their current business models. It also means that not for profits will no longer be able to claim their monopoly on "doing good". The business of delivering good social outcomes is open to all sectors.

Trend 3

Collaboration needs to be better…and different.

There is still considerable work to be done to engender a better and deeper sense of collaboration in the social care sector. The current processes are immature and if the sector is to embrace the changes and deliver high-value outcomes for people, they will need to look at ways to work together and build diversity in the "market" place". This means they will need to move beyond the rhetoric of working together and confirm arrangements with a range of others to deliver outcomes.

Trend 4

Investment in Purpose

The Care Factor is about wanting to invest in solutions and change the reasons why people and their communities are disadvantaged. Many not for profits have built significant "nest eggs" often because of excellent fundraising capability or because of years of accumulated surplus of government funds. Today's Boards preside over these surpluses and are nervous to invest in their core purpose. Organisations who use their own resources to fulfil their purpose will be taking a risk, but less of risk is they just allow their surpluses to dwindle on out dated approaches to meeting customer needs.

5. Summary

These are conversation outcomes with leaders, coupled with our reflections on our work over the past few years. This project has helped us determine that irrespective of the type of organisation (government, for profit, not for profit) engagement and success is driven by this "Care Factor". No one sector has a monopoly on doing good and Australia's social care challenges can only be met by highly engaged and committed people and their organisations/ businesses who have "The Care Factor".

It is true that over the past few years we have seen a sector in transition. At times this transition looks like, and feels like chaos. We have seen organisations clinging to government and its block funding. We have seen new entrants wanting to invest in a market filled with opportunity. We have seen the worshipping of size and scale and the dissolving of small community organisations – some of which were ineffective, some of which were effective. We are beginning to see models of service becoming "extinct" because of "disruption" or "innovation" and we are seeing need for care and support prevail.

We are still seeing volunteers highly engaged in their communities. Sponsors and supporters wanting to add value. Government supporting and encouraging the development of a strong "market" and many organsations still showing strong signs of "The Care Factor".

Here's to the next 5 years.

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