Creating a flexible workforce in an era of consumer directed care

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As consumers, we want choice. We want services to fit our schedule. We ask for products to be tailored to our needs. Our desire for freedom of choice presents both an opportunity and challenge for businesses and providers. Interestingly, this desire for choice and great customer experience doesn’t change with age. In aged care, greater choice, control and flexibility in the way services are delivered have changed the way consumers receive home and residential care.

Over recent years, Home Care Packages have shifted to be more consumer-centric, supporting older people to choose who provides their Package, as well as what is delivered within their Package. Whilst Home Care Packages continue to be allocated to consumers under the Consumer-directed care reform, residential care packages currently remain with the providers. However, an impact analysis will now be conducted to determine the impact of allocating residential care packages to the consumer.

As aged care reforms continue to shift towards increasing choice and control for older people and their families, one of the key areas of choice that are being exercised is to have consistency in the individual supporting them in their home, and when services are delivered. A lack of workforce flexibility has stifled deeper levels of service innovation that these reforms are seeking to achieve. However, workforce flexibility is limited to the opportunities provided by the industrial framework. To achieve greater workforce flexibility and become an employer of choice, providers will need to think about their future workforce models and ask which industrial frameworks are best suited to their market and long term goals.
Working flexibly

Workforce flexibility is about enabling employees to deliver services that can adapt to changing consumer needs. As Australia’s baby-boomer generation retires and starts to need aged care services we will need a workforce that can grow, learn new skills and adopt new ways of working to meet demand.

In some parts of the country we may need to reduce the number of carers to help meet demand in faster growing regions.

However, whatever the specific situation, a workforce can only be as flexible as the industrial framework allows:

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Modern Awards

**PROS**
- Industry-specific
- Tailored to aged care sector
- Minimum rates of pay

**CONS**
- Limited operational flexibility
- Difficult to change award provisions

For some aged care providers, modern awards are the chosen industrial framework due to their industry based minimum rates of pay. While modern awards are industry-based with minimum employment standards tailored to the sector, they only allow for operational flexibility to some extent. For example, the Aged Care Award requires the ‘ordinary’ hours of work to be between 6am to 6pm. Any hours worked outside of this will be deemed shiftwork or overtime for a day worker. For those recalled to work overtime, they must be paid for at least 4 hours. As an industry that operates over 24 hours with unpredictable requirements to enable service delivery that meets consumer choice, this presents a very real challenge for rostering and managing labour costs.

Enterprise Agreements

**PROS**
- Tailored to specific providers
- Ability to negotiate for operational flexibility without compromising minimum entitlements

**CONS**
- Can be a lengthy bargaining process
- Potential for reputational damage if negotiations escalate
- Exposes providers to industrial action

One option to navigate through these award limitations is choosing to use Enterprise Agreements (EAs). By moving from awards to EAs, providers can achieve greater workforce flexibility at an individual enterprise level. EAs enable the negotiation of work arrangements that meet the needs of the business without compromising on employee entitlements. Providers can negotiate with employees any flexibility option required, as long as it meets the Better Off Overall Test (BOOT).

For example, creating new forms of employment in an EA such as flexible part time or partial part time work would enable a workforce to flex up and down as required. Compressed working weeks or flexible full time hours would allow employees to work the hours suited to their lifestyle, without compromising on the quality of care. Identifying the right balance of casuals, contractors and permanent employees could also enable flexibility in rostering and workforce planning.

Where an EA already exists for providers, there are opportunities for flexibility by better managing to the EA, and by developing policies and procedures that enable a ‘principles-based approach’ to empower greater manager discretion. With longstanding issues of low wages in aged care and growing union concerns that more flexible working arrangements would result in worse working conditions and job insecurity, there may be an opportunity for EAs to assist aged care providers to become both the right choice for consumers and an employer of choice.
Individual Flexibility Arrangement (IFA)

PROS

• Tailored to specific employee and employer
• Can be made at any time during employment
• Does not need to be registered or approved by regulator

CONS

• Is not regulated by a regulator
• Difficult for providers to track and manage as it is made at the individual level
• Could impact rostering if there are different arrangements in place

While EAs are one option for workforce flexibility, some providers may choose not to invest their time and resources into bargaining, especially as protracted EA campaigns can have lasting financial impacts if not done right.

Bupa for example, are still awaiting for FWC approval on their EA following 14 months of negotiations during which over 1000 nurses and carers across Bupa’s 26 aged care facilities took part in 37 days of industrial action. This included 3 days of full strikes – a first in the aged care sector. To avoid this complex process, providers may choose to implement workforce flexibility in the form of an Individual Flexibility Arrangement (IFA).

An IFA enables employers and employees to negotiate changes to how certain terms in an award or EA applies. It can be made at any time during employment and must be a genuine agreement between both parties. IFAs don’t need to be approved or registered with a regulator as it is an agreement between the employer and employee. This option may be more attractive to some providers where EAs may not be appropriate.

Under an IFA, an employee can agree to vary their hours of work, choose their start and end times and even the length of shift. This flexibility needs to be balanced with the operational needs of the provider and meet the quality of care standards. With the Australian Nursing & Midwifery Federation (ANMF) launching their national ‘More staff for Aged Care’ campaign in May, providers will need to consider workforce models and operational practices that not only meet these challenges but also ensure continued quality of care.

Implementing and managing an IFA will require strong managerial capability. By gaining an understanding of the legislated requirements, frontline managers will be empowered and can achieve the mutual benefit of creating a flexible workforce that delivers flexible care.

Building manager capability in understanding IFAs or transitioning from a modern award to an enterprise agreement is a complex process. When poorly managed, there are inherent risks to both the internal operations and external brand of a provider.
Looking ahead

If Australia is to meet the needs of an aging society then providers in the sector will need to make informed decisions about their workforce models and the industrial frameworks that can enable those models.

To improve workforce flexibility and support flexible care it’s time to get on the front foot and start building flexibility into the workforce today.

Further reading

**Consumer Directed Care reforms: The impending war for ‘care’ talent**

Good carers are the key to winning over consumers in a deregulated Consumer Directed Care (CDC) environment. In the eyes of the consumer, they represent the provider in their competence, attitude and responsiveness to the consumers’ needs.

**How to achieve innovation in aged care**

Innovation in aged care is a key focus for 2018. Recent investments by the Federal Government to match Leading Aged Care Services Australia’s (LASA) contribution to InnovAGEING have accelerated conversations about what innovation is, and how you approach it. A key driver appears to be that innovation is generally not well understood within the sector, and can be difficult to embrace on an operational level.
About the authors

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Sue is KPMG’s Lead Partner for workplace relations and leads the firm’s Workplace Relations Advisory team. She has unparalleled experience in employee relations, human resources, retail and operations. Sue has proven experience as a senior executive supporting large transformational change programmes, managing industrial relations and developing/delivering on business strategy in challenging and difficult industrial environments.

Prior to joining KPMG, Sue held the position of Executive Manager, Industrial Relations at Qantas where she was responsible for industrial relations for the Qantas Group. Prior to her employment with Qantas, Sue was a Commissioner in the Victorian Industrial Relations Commission, was a consultant with the Australian Industry Group and held an industrial position for Ansett Airways. Sue has strong strategic capabilities and a proven ability to deliver business results and manage business outcomes in difficult environments.

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Nicki is a qualified physiotherapist, with extensive clinical, management and project experience, and has worked in the health, community and hospital sectors in Australia and the United Kingdom. Her key areas of interest are aged care, community care, sub-acute care and rehabilitation, out of hospital models of care, and primary care with a particular focus on chronic disease and palliative care. She has a strong strategic and operational focus, and incorporates a clinical focus in to her engagements.

Nicki has published and presented widely on issues related to service delivery in community health, ambulatory care and sub-acute care. She was awarded a Churchill fellowship to investigate alternative models of allied health out of hospital care, and has also received a Public Sector WA award and Healthy WA award for her projects.

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She has a strong working knowledge of the Australian workplace relations system and broad industry experience in providing strategic HR/IR advice to senior management as a trusted business partner. Her ability to identify complex workforce problems and execute strategic solutions is underpinned by her unique technical expertise in both HR and IR disciplines, combined with a proficiency in using workforce data analysis to inform the development of workplace solutions across the employee lifecycle.

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