



Image supplied with thanks to Northcott.

## Frontline Leader Organisational Designs and Span of Control

Ability First Australia is undertaking a project that defines the role, competencies, and capabilities of the Frontline Leader. Spread over 4 stages, and scheduled for completion by June 2021, we anticipate this project will have a profound impact on the long-term viability of the NDIS: facilitating career pathways, informing recruitment practices, and increasing capacity for leaders to be successful in their roles.

Funded by the Australian Government Department of Social Services.

Visit [www.dss.gov.au](http://www.dss.gov.au) for more information.

The introduction of the National Disability Insurance Scheme (NDIS) has brought significant change to providers, workers and participants in the disability sector. As part of these changes, the roles and responsibilities for the Frontline Leader and many other positions in provider organisations have changed considerably. Frontline Leaders are essentially staff in a provider organisation who directly manage/lead the delivery of services by Disability Support Workers (DSW's) and associated frontline staff.

Ability First Australia (Ability First) and its members believe that investment in Frontline Leadership is crucial to the long-term viability and success of the NDIS. In 2019, Ability First was funded through the Department of Social Services' NDIS Jobs and Market Fund to undertake a project to define the role, capacity and capabilities of the Frontline Leader to inform organisation and job design, recruitment practices and training methodology. The project has four stages and will be completed by June 2021.

**THE FIRST STAGE** of the project documented the "Current State" role for the Frontline Leader. The findings from Stage 1 have been published on the [Ability First website](#):

- Project background
- Participant views of the Frontline Leader role
- Typical Frontline Leader tasks
- Frontline Leaders views on how their future roles
- Generic position description for the current Frontline Leader

**THE SECOND STAGE** of the project included development of a series of documents and tools:

- Position Description for the future Frontline Leader roles
- Capability Leadership Framework
- Capability gaps analysis method
- Organisational designs
- Impact of span of control on Frontline Leader costs
- Participant views on Frontline Leader competencies

**THE THIRD STAGE** of this project will focus on developing a series of online tools as well as a career and training framework for Frontline Leaders. These tools will be tested by a number of providers before they are publicly released as part of Stage Four. A series of resources will be published on the Ability First website throughout the life of the project.

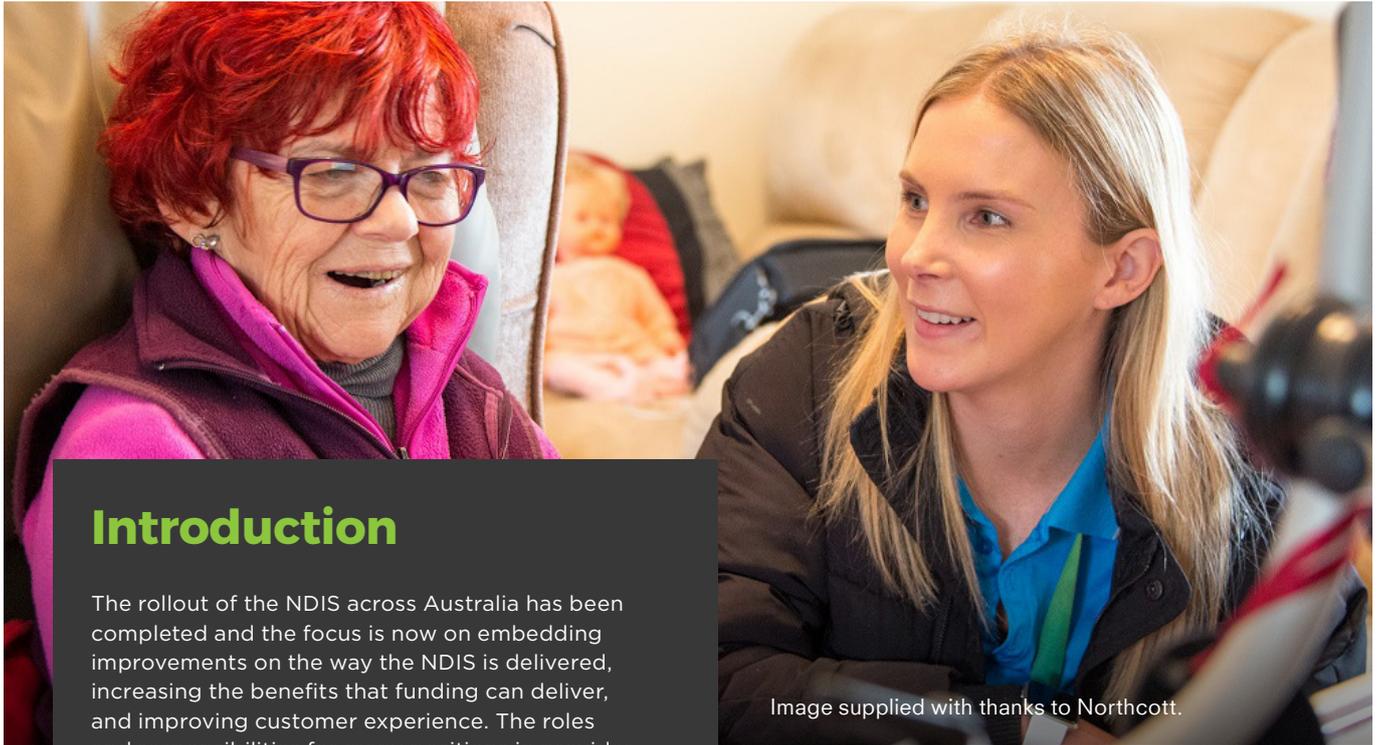


Image supplied with thanks to Northcott.

## Introduction

The rollout of the NDIS across Australia has been completed and the focus is now on embedding improvements on the way the NDIS is delivered, increasing the benefits that funding can deliver, and improving customer experience. The roles and responsibilities for many positions in provider organisations have changed, and this has included increased responsibilities for the Frontline Leader (FLL) and changes to the number of workers they supervise.

The design of roles and the organisational structure directly impacts the cost and quality of service delivery and as well as the retention of a skilled workforce. These organisational designs need to support sustainability, workforce worker retention, workforce growth, as well as safe and high-quality service delivery for participants.

The future designs and role responsibilities being considered by providers are often different from those currently used. This project has found that a number of providers are now experimenting with flatter organisational structures as well as distributing responsibilities so FLL's can remain focussed on the needs and performance of their staff.

## The Frontline Leader role

The Frontline Leader interacts with NDIS participants and their support team to plan and manage the delivery of services to meet participant expectations. They also manage the team of frontline workers (FLW) who deliver these services.

Their team of workers can vary from workers in a supported accommodation house/centre, workers providing community access and other programs. The NDIS uses the term Disability Support Workers (DSW's) to describe the FLW's.

## Span of Control for Frontline Leaders

The number of workers directly reporting to the FLL can be described of in terms of span of control ratios. Span of control refers to how relations are structured between leaders and subordinates in an organisation. A wide span of control (e.g. 15:1) exists when a manager oversees many subordinates; a narrow span of control (e.g. 7:1) exists when a manager oversees few subordinates.

The project team has already found that there is great variability in the span of control for FLL's both within and between organisations. These ratios vary due to a number of factors including worker skills, location of services and the complexity of services being delivered.

**The span of control is important as the NDIS embeds a supervision allowance into each billable hour that a DSW provides to participants, and this offsets the costs for supervision by Frontline Leaders. The current NDIS supervision allowance funds approximately 90% of a single Frontline Leader at a span of control ratio of 15:1.**

There is no correct 'one size fits all' span of control. The appropriate span will depend on a range of factors such as the nature and variability of the work, skills of staff and the location of staff.

The current variability in spans of control across the disability sector is likely to also reflect differences in work distribution and processes. Furthermore, when providing recommendations on an appropriate and optimal span of control, it is important to note the casualisation and increased number of part time staff in the FLW workforce. This leads to a higher head count of staff requiring supervision as more staff are required to deliver the same number of hours and each still requires supervision. Therefore, twice or sometimes three times as much supervision could be required for a mix of casual and part time staff to fill the role of a full-time employee.

**For the purposes of this research, three span of control ratios were used, 15:1, 11:1 and 7:1. The first represents the current span of control ratio included in the Disability Support Worker Cost Model 2020-21, the second ratio was the assumption included in the Disability Support Worker Cost Model 2019, and the final ratio represents generally accepted best practice from other industries.**

## Span of Control – Actual ratios for Frontline Leaders

A review of the Ability Roundtable<sup>1</sup> data has highlighted that the span of control for organisations varies between 7 to 28 (FTE) with an average of 11.5 (FTE) and between 4:1 to 90:1 (head count) with an average of 29 (Headcount). Also, when the span of control is analysed for organisations above and below 400 staff headcount there were noticeable differences.

The Disability Support Worker Cost Model 2019 assumed an 11:1 span of control for supervisors and the supervision allowance was calculated based on this assumption. The Annual Pricing Review 2020-21 noted that most providers indicated that the current supervision ratio 11:1 in the current model was too high<sup>2</sup> and did not match the actual span of control in the majority of organisations. The report identified that there was limited feedback provided in the submissions to identify the actual span of control ratios being achieved by providers.

The Annual Pricing Review also reported that the span of control varied greatly depending on the numbers of casual staff being utilised, and that higher numbers of casual staff caused higher (wider) spans of control. This appears to simply reflect the larger number of workers (headcount) needing to be supervised rather than the ability of frontline leaders to supervise greater numbers of casual workers. It was also reported that the span of control ratio should be narrowed for Frontline Leaders who had team that worked with participants requiring more intensive supports.

Other points made in the Annual Pricing Review in relation to the casual workforce were<sup>3</sup>:

---

*“Supervision ratios were higher for casuals. More casuals are required to deliver the same number of hours and each requires supervision. Thus, twice as much supervision could be required for casuals over full-time employees.”*

*“One provider indicated that it was possible to have 3 or 4 workers completing the total hours of one full-time employee, and it is the number of people supervised that matters for costs, not the number of hours delivered.”*

---

No comments were made in relation to these wider spans of control being sustainable or delivering a similar quality of supervision for workers. What is clear, is that the supervision allowance is based on a 1.0 FTE not headcount and therefore it does not allow for increased supervision resources for providers with a highly casualised or part time workforce.

The report also examined the Temporary Transformation Payment Benchmarking Survey results<sup>4</sup> and found that the average span of control among TTP survey respondents was 11.8:1 which was slightly higher than the Disability Support Worker 2019 Cost Model assumptions. They also found that the efficient 25th percentile was 15:1. The TTP data was then used to reset the assumptions for the supervision allowance in the current Disability Support Worker Cost Model 2020-21.

## Span of Control – Best Practice from similar industry sectors

A literature review of publicly available research was conducted to better understand best practice organisation design models. The investigation focussed heavily on Australian Government Agencies (federal and state) as well as the disability and community service sector.

One article that is commonly referred to (both in Government and non-Government agencies) is that of the *Society for Human Resource Management (2013) Span of Control: What factors should determine how many direct reports a manager has?*

The article notes that although no perfect ratio exists, span of control is critical in understanding organisational design and the behaviours within an organisation, such as the approach used to interact with employees and the effectiveness of communication between each level within an organisation. Therefore, many factors will need to be evaluated before determining the best ratio within an organisation.

1 Ability Roundtable was established in 2013 by Ability First Australia and it provides a confidential platform for disability service providers to benchmark their services across Australia.

2 Annual Pricing Review 2020-21: Final Report page. 48

3 Annual Pricing Review 2020-21: Final Report page. 49

4 Annual Pricing Review 2020-21: Final Report page. 58



Some key factors to review when determining the appropriate span of control within an organisation include the following:

### 1 Organisational size

Large organisations tend to have a narrow span of control, whereas smaller organisations often have a wider span of control. This difference is usually due to the costs involved with more managers and the financial resources available to an organisation. Communication may be slower with narrow spans if it must pass through several levels of management.

### 2 Workforce skill level

The complexity or simplicity of the tasks performed by the employees will affect the number of desirable direct reports. Generally, routine tasks involving repetition will require less supervisory control of a manager, allowing a wider span of control, whereas complex tasks or dynamic workplace conditions may be best suited for a narrower span of control, where managers can provide more individualised attention.

### 3 Organisational culture

Organisations need to determine the desired culture when designing their span of control. Flexible workplaces usually have a wider span of control because employees are given more autonomy and flexibility in the production of their work.

### 4 Manager's responsibilities

Review whether the organisational expectations allow the managers to be effective with the number of direct reports they have, especially related to individual responsibilities, departmental planning and training. For instance, executives often have fewer direct reports than other managers in the organisation.

The Australian Government has released the Phase One and Phase Two Reports of the National Commission of Audit (NCOA) – Towards Responsible Government. The reports provided best practice span of control target ranges for different public sector functions. These ranges are based on organisational de-layering analysis and projects conducted with various public sector organisations around the world, including a number of Australian government departments and agencies at both the Commonwealth and State levels.

The role of the Frontline Leader fits the category of Service Delivery Functions with a best practice span of control proposed at a ratio of 8-10 staff per supervisor. The report does however recommend that during a period of change a narrower span of control supports the development and change journey of the organisation.

It is generally accepted that a narrower span of control enables supervisors to support employees appropriately when required to learn new skill sets, or when they themselves are required to develop in their role. This is the current situation for all organisations impacted by the ongoing implementation of the NDIS.

When taking this into consideration, it is likely that a suitable best practice span of control for Frontline Leaders in disability services providing service delivery functions is 7:1. It is noted that this span of control is substantially narrower than is currently funded (15:1) or found in the TTP Review (11.8:1).

## Approach taken for the analysis

The financial analysis of the implications of span of control were based on the organisational designs published as part of the Frontline Leader project. These organisational designs include:

- a single supervision layer using a Team Leader; and
- a two-layer supervision design where a Coordinator manages a group of Team Leaders.

As has been discussed earlier in the review, the key variable that impacts the costs for each of these organisational designs is use of span of control ratios. The narrower ratios reflect a smaller number of staff being supervised, and generally as complexity and risk increase the number of staff being supervised should also decrease.

It should be noted that the analysis only reports the forecast Frontline Leader salary costs (actual and net of supervision allowance) associated with each design and for each ratio. i.e. There are no allowances included for training or other staff development activities. Clearly organisations need to adjust these costs to reflect their span of control ratio, base salaries, leave and on-costs.

## NDIS funding for supervision of DSW's

The NDIS price guide for services delivered by DSW's includes a supervision allowance into each billable hour that a DSW provides to participants. This allowance is used to offset the costs for supervision by Frontline Leaders.

The supervision allowance methodology was detailed originally in the NDIS Cost Model (CM) for Disability Support Workers that was released in June 2019. The following excerpt from this document explains how the supervision allowance is formulated.

*“The CM recognises that DSWs require support and supervision and assumes that supervisors have the same shift loadings, leave entitlements and salary on-costs as the workers they manage, and that higher skilled workers require higher skilled supervisors. The CM also assumes a span of control (ratio of workers per supervisor) of 11 to 1.”<sup>5</sup>*

The cost for the supervisor per hour includes base salary, leave costs and salary on costs. The total cost per hour for the supervisor is then divided by the Span of Control ratio to derive the cost of supervision per hour per DSW.

The current Cost model for Disability Support Workers 2020-21 includes a number of changes to the core assumptions including the span of control ratio for supervision. The following table shows the supervision allowance is now calculated based on a span of control ratio of 15:1.

	DSW 1	DSW 2	DSW 3	DSW 4
<b>Supervisor</b>				
Level of supervisor (SCHADS Equivalent)	3.2	4.2	4.2	5.1
Base Salary	\$31.92	\$36.57	\$36.57	\$40.64
Leave costs	\$6.94	\$7.95	\$7.95	\$8.84
Salary-on costs	\$4.67	\$5.35	\$5.35	\$5.95
<b>Span of control</b>				
Span of control	15	15	15	15
Cost of supervision (\$)	\$2.90	\$3.32	\$3.32	\$3.70

Figure 1 Impact of Supervision on cost per hour of a permanent DSW.<sup>6</sup>

In moving to the 15:1 ratio the supervision allowance per hour has been reduced from \$4.17/hour (2019) to \$3.32/hour, this is a reduction of 20% per hour per DSW.

The move to 15:1 ratio may have also created financial and organisational issues for providers who were, prior to this change, staffing their FLL's at narrower levels (e.g. 11.8:1)<sup>7</sup>. The primary issue for providers is that there are now fewer FLL's funded through the supervision allowance.

The logic for calculating the contribution from a DSW Level 2 to the supervision allowance is shown in Table 1: Contribution to Supervision Allowance per DSW.

<sup>5</sup> NDIS Cost Model for Disability Support Workers June 2019, Section 2.6 Pg. 9.

<sup>6</sup> Cost model for Disability Support Workers 2020-21 Table 5 page 12

<sup>7</sup> The Annual Pricing Review 2020-21: Final Report found that the average span of control among TTP survey respondents was 11.8:1



Image supplied with thanks to Northcott.

Forecast service hours/ Allowance per DSW FTE	DSW 1
Daily hours	7.6
Days worked per year	220
Hours worked per year	1672
Effective utilised (billable)hours per year	1488
Contribution to Supervision Allowance per hour	\$3.32
Contribution to Supervision Allowance per year	\$4,948.24

Table 1: Contribution to Supervision Allowance per DSW.

For an organisation staffing supervision at 15 DSW's to 1 Frontline Leader this translates into a Contribution to Supervision Allowance of \$74,223.65. The total annual costs for a Frontline Leader Level for a DSW Level 2 are approximately \$83,000 so the allowance contributes approximately 90% of the costs of the Frontline Leader.

The supervision contribution compares favourably to the analysis of Daily, Weekly and Adhoc Tasks undertaken for Frontline Leaders in Stage 1 of this project. The remaining 10% of the Frontline Leader cost is essentially an overhead for the provider and includes a range of corporate tasks such as marketing.

## Summary of findings

The Financial analysis of Organisational Design Options for Frontline Leaders has revealed that:

- The change in supervision funding from span of control 11:1 to 15:1 has brought additional costs to provider organisations. This is due mainly to a 20% reduction in the supervision allowance.
- The supervision allowance only covers approximately 90% of the Frontline Leader costs
- The reduction in supervision funding is more significant for medium and larger providers who are reliant on income from the work of DSW's.

## Our Members



abilityfirstaustralia.org.au  
info@abilityfirstaustralia.org.au  
Phone: 61 2 8259 7725  
Level 39, 259 George Street  
Sydney NSW 2000