

Briefing Document

For the role of

Director

September 2020

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Purpose

Kudos Services is seeking a suitably qualified and experienced independent Director with specific skills in risk management to join its Board of Directors. The successful candidate would be elected by the members of Kudos Services at the upcoming Annual General Meeting on 21 October 2020.

This Briefing Document is intended to provide you with sufficient information for you to make a decision on whether or not you would like to nominate for the Board of Director position.

This includes information about what joining the Board as a Director may mean for you, the nomination and selection process.

The Mutual Difference

Kudos Services (Kudos) is a co-operative and mutual enterprise (CME) delivering services primarily under the National Disability Insurance Scheme (NDIS). It was established in 2018 as Australia's first employee-owned mutual to form from a public service agency.

The members and owners of Kudos are its employees. It is incorporated under the Corporations Act with a Constitution that provides a framework and rules for how the enterprise is governed to achieve its purpose and demonstrate mutual value impact in the communities where it operates. Kudos is a charity and registered with the Australian Tax Office for deductible gift recipient status.

Mutuality and employee ownership provide a point of difference between Kudos and other service providers. Being a mutual that is employee-owned means there is a shared responsibility for achieving social and economic benefits that is built into the organisation's culture and purpose. The primary values of the organisation are: Knowledge, Camaraderie, Enterprising, Heart

Employee-owned mutuals demonstrate higher morale, lower staff turnover and much lower sickness rates, which results in higher quality services and increased productivity, as evidenced through studies cited here.¹ Employee-mutuals have been very successful in the UK and research there shows the main reason for this success is that employee-owners have a strong sense of being able to influence how the organisation "operates and is governed, with simpler organisation design and less bureaucracy compared to when they operated in the public service."²

¹ Julian Le Grand (December 6, 2017) Public, Private or in-between? Staff-led Mutuals may be the future of aged and disability care. Sydney Morning Herald. [Follow link to article](#)

² [UK Mutuals Program website](#)

² UK Office of Public Management (August 2010) New models of public service ownership A guide to commissioning, policy and practice. Public Interest report.

² UK Office of Public Management (December 2010) Shared Ownership in Practice. Findings from case studies of employee and community ownership of public services. Public interest report.

Kudos formed because, with the introduction of the NDIS, State governments progressively ceased to provide direct services to people with a disability, and these services were transferred to non-government management. A priority for the South Australian Government was to provide service continuity and retain disability sector jobs in South Australia.

In 2019, Kudos reached a milestone in its development with the formation of a Members Advisory Council and for the first time, at its first Annual General Meeting in October 2019, the members elected independent Directors to the Kudos Board of Directors.

Kudos is proud to be the South Australian provider of Early Childhood Early Intervention services and assessments for children 0-6 years of age with a developmental delay or disability. Kudos also offers therapeutic services for people with disability from 7 years of age including speech therapy, psychology, occupational therapy, support coordination, developmental education services, and physiotherapy, in line with their mission to empower people with a disability, their families and communities.

The primary income source for Kudos is via a grant agreement provided by the National Disability Insurance Agency (NDIA) to deliver Early Childhood Early Intervention (ECEI) services in South Australia. Revenue also comes from the delivery of fee-for-service therapy services, primarily to NDIS participants. Meeting and where possible exceeding the performance indicators in the ECEI contract are important for the long-term sustainability of Kudos, along with pursuing new areas of service delivery through business development and new contracts.

Disability Inclusion Statement

At Kudos, we recognise that systemic and societal barriers can restrict people with disability from participation and equality. We are committed to challenging these barriers to help people achieve high quality outcomes, as well as being an equal opportunity and inclusive employer.

This statement reflects the commitment of Kudos to the social and economic inclusion of people with disability, and their families and carers, to maximise their individual potential.

People with disability share the same universal rights as all people. Kudos Services aims to provide services with the goal of helping people lead a life on their own terms. The *NDIS Act (2013)* requires Kudos to provide reasonable and necessary supports, including early intervention supports, for participants of the NDIS to facilitate their greater community inclusion to realise their potential for physical, social, emotional and intellectual development.

² CIPFA (February 2017) Research into the Public Service Mutuals Sector. CIPFA – Chartered Institute of Public Finance & Accountancy²

² UK Department for Digital, Culture, Media & Sport conducted by Social Enterprise UK (April 2018) Public Service Mutuals: The State of the Sector. In partnership with Middlesex University London, the Transform Research Alliance and Co-operatives UK

Children and Young People

Kudos believes that all children have the right to be valued as individuals and contributing members of families, communities and society, and recognises the particular rights of all children as identified in the United Nations Convention on the Rights of the Child.

Every child has the right to access and participate in programs and activities which recognise them as active contributors in their own lives and valued as individuals. Kudos Services endeavors to provide the right programs early in life that help support their learning and development.

At Kudos, we recognise and value the family and support networks as a key ingredient in a child's life, and the team at Kudos Services works in partnership with children and their families to encourage changes in societal beliefs so they feel empowered and valued, in addition to providing them with the tools to help shape their own growth.

Equal Employment Opportunity

Access to ongoing education and development is an important tool to help people with disability reach their goals. As an employer, Kudos is mindful of the diversity of people with disability to provide an inclusive, supportive and safe workplace.

Kudos upholds the legislative requirements contained in the *Disability Discrimination Act 1992 (Commonwealth)* and recognises the principles and values contained in the United Nations Convention on the Rights of Persons with Disabilities to promote the equality of opportunity for all people and to prevent discrimination based on disabilities.

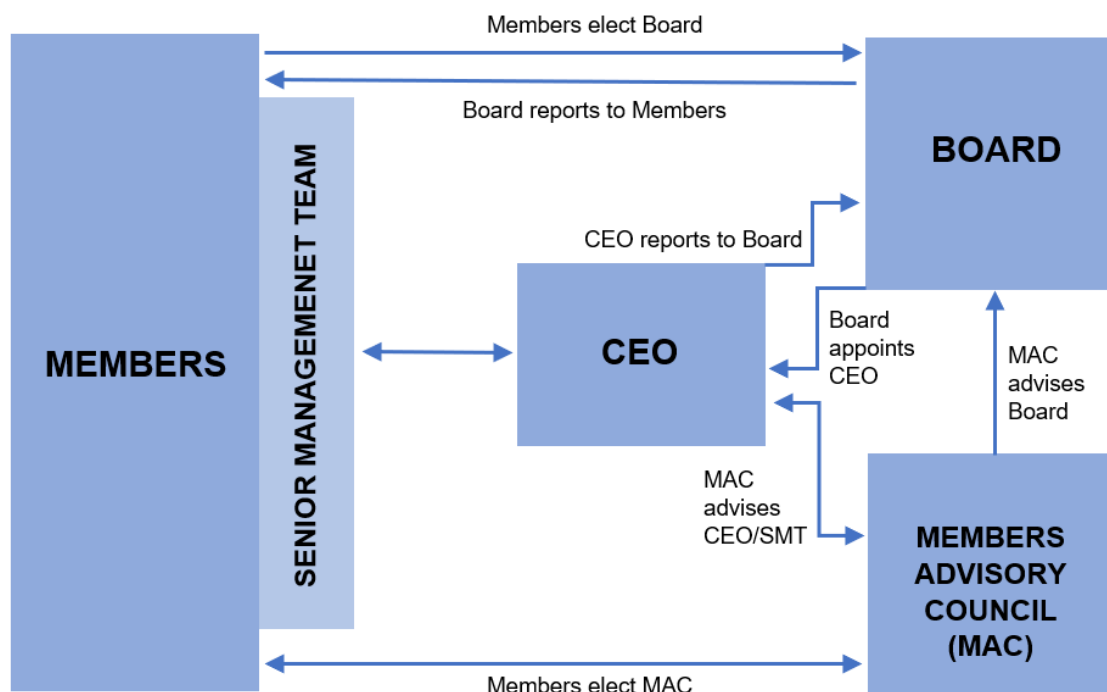
Legal and Governance Structure

The Constitution

The governing document of the organisation is the Constitution and reflects member input into the objects and purpose that it sets out.

Following a Governance Review that took place in early 2019, a series of amendments were proposed then endorsed by members at the Annual General Meeting, to update the definitions of membership and to enshrine the Members Advisory Council in the Constitution.

The Constitution gives effect to the governance framework depicted:



Company arrangements

Child and Youth Services Mutual Limited (trading as Kudos Services) was registered as a Company Limited by Guarantee (CLG) on 8 February 2018 with the Australian Securities and Investments Commission (ASIC).

A CLG can provide the fundamental elements of a Mutual that were known to be important to employee members, such as member control, voting rights, active participation in decision making and governance, and can satisfy the requirements for charity registration with the Australian Charities and Not-for-profits Commission (ACNC).

Specifically, the members of a CLG have:

- the power to appoint and remove directors

- the ability to actively participate in decision making and governance
- control of the CLG including control over leadership, culture, employee development, policies and procedures.

The Mutual is registered as a charity with the ACNC under the charity subtype 'public benevolent institution' (PBI).

As a registered charity, the Mutual has access to the following charity tax concessions:

- Income tax exemption. No income tax is therefore payable by the Mutual and more profit is available for the Mutual to apply towards its purposes.
- Goods and Services Tax (GST) concessions. These concessions provide favourable GST treatment on certain transactions.
- Fringe Benefits Tax (FBT) exemption. Under this exemption, fringe benefits provided to employees are exempt from FBT (capped at a total grossed-up value of \$30,000). The Mutual can accordingly provide benefits to its employees that will be exempt from FBT in order to provide employees with more tax effective remuneration packages.
- Deductible gift recipient status. Donations made to the Mutual may be tax deductible. This means the Mutual has a greater opportunity to raise funds to apply towards its charitable purposes and provide an incentive for donors to donate.

Services and Management Structure

Kudos has two separate business arms:

1. Delivering the NDIS ECEI Partner in the Community Grant Agreement for South Australia as per the NDIA Statement of Requirements.
2. A fee-for-service Therapy Service providing a range of specialist allied health services under the NDIS.

These two units are supported by a Corporate team and associated external partnerships that provide financial, customer service, human resources, communication, governance, ICT and business support.

ECEI Grant Agreement

The State Government and the NDIA signed a Grant Agreement, covering the period 1 March 2018 to 31 December 2022, that was delivered initially by the Department of Human Services (DHS).

As part of the Grant Agreement, DHS was required to establish the Mutual as a new legal entity and novate the Grant Agreement to the entity no later than 1 October 2018. The obligations of the Agreement became the responsibility of the Mutual, on novation on 1 October 2018.

This Agreement included establishment funds to set up the ECEI Partner component of the Mutual.

On novation of the Grant Agreement on 1 October 2018:

- the Mutual began operations as an independent non-government entity
- the Mutual assumed responsibility for delivery of the NDIA ECEI Partner service for South Australia
- CYS staff gave up their public service tenure to become employees and members of the Mutual.

The Grant Agreement included an expanded service model to provide all available ECEI services across 11 service areas including country South Australia (categorised under four regions):

- Metro North: Barossa, Light and Lower North, Northern Adelaide
- Metro South: Adelaide Hills, Eastern Adelaide, Southern Adelaide, Western Adelaide
- Country North: Eyre Western and Far North, Yorke and Mid North
- Country South: Fleurieu, Limestone Coast, Murray and Mallee

Therapy Services

Kudos operates as a NDIS Registered Provider of Support but, in order to manage any perceived or actual conflict of interest, only delivers specialist allied health services and support for children from 7 years of age and above.

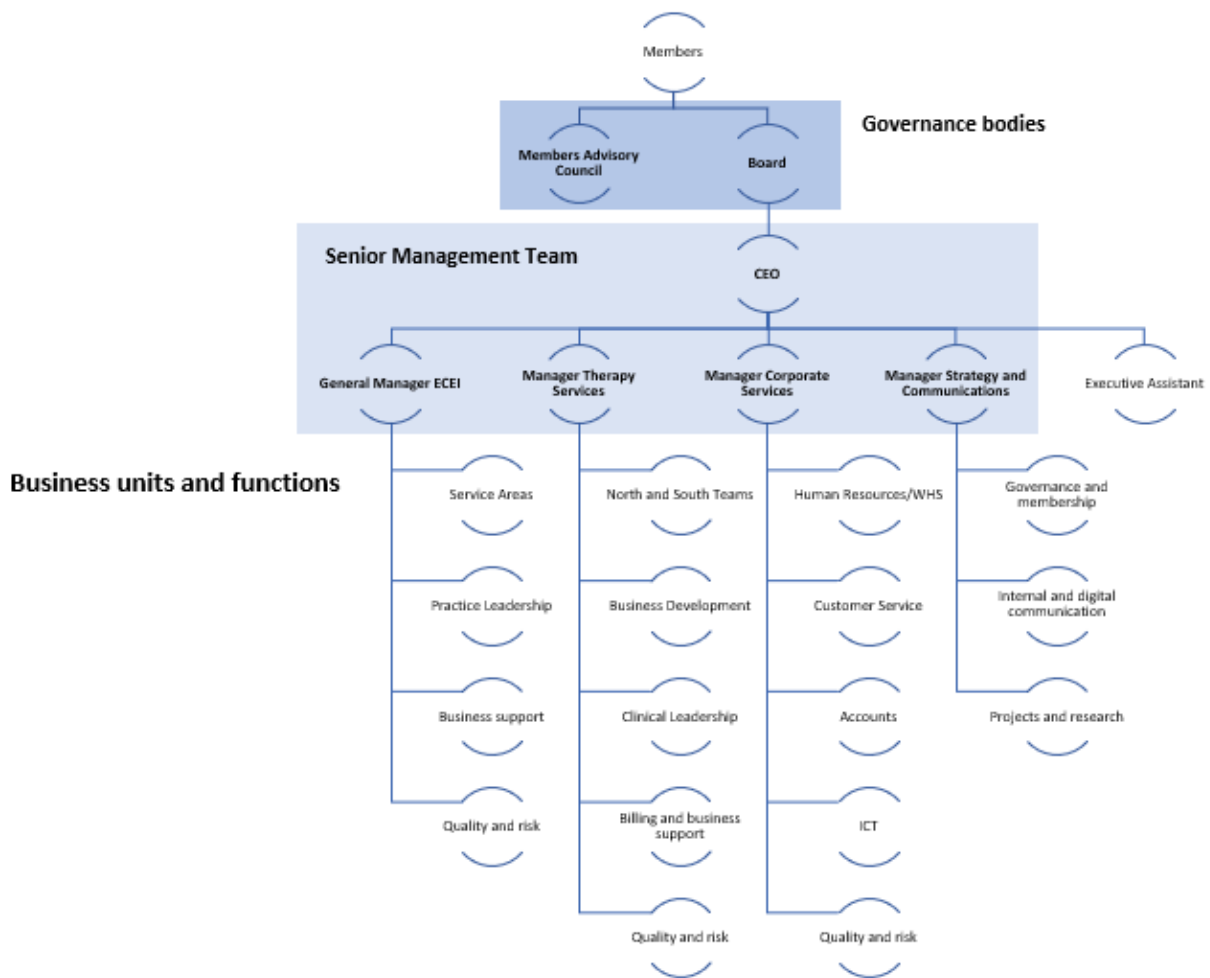
This work is fee-for-service, not funded by the ECEI Grant Agreement and unable to be

cross-subsidised in anyway by the Grant funding. Additional fee-for-service work includes specialist work for the Department of Child Protection and work for independent schools.

There is a thin NDIS market in South Australia with our therapy services well positioned to consolidate and grow existing services particularly for those clients with high and complex needs who often slip through service gaps.

Organisational structure

Kudos’ current management structure is depicted in this diagram:



Board of Directors

For its first year of operation, Kudos was supported by a Foundation Board, which undertook its duties in line with the responsibilities set out for the Board in the Constitution. Members of the Foundation Board were eligible to stand for election to the full Board of Directors.

At the Annual General Meeting held in October 2019, members directly elected the first full Board of Directors.

While the Constitution provides for up to nine independent Directors, members resolved to elect seven Directors at this first election, to allow for a subsequent review of skills and performance to determine the need to elect additional Directors.

The Board of Directors formed from the vote of members at the AGM comprised of:

- Penny Gale (appointed Chair by the Board), member of the Foundation Board
- Pete Madsen (appointed Deputy Chair by the Board)
- Sam Scammell (appointed Company Secretary by the Board)
- Madge McGuire, member of the Foundation Board
- Elaine Nash
- Tom Laundry
- Gillian McFee.

Board activities and Committees

The Board of Directors meets monthly, on the third Monday of each month. The business of the Board alternates bi-monthly between a usual business meeting and a strategy session. Meetings are held at Kudos' office at 123 Greenhill Road, Unley, or via videoconference.

The Board has established two Committees:

- Governance and Risk (which meets quarterly, third Monday of the month in line with Board meeting schedule)
- Finance and Audit (which meets bi-monthly, second Tuesday of the month).

All Directors are members of at least one Committee.

Board Directors are also involved in various strategic activities for the organisation including, as advisers to project committees or participants in other tasks:

- Review projects (e.g. risk management system, clinical leadership model)
- Recruitment and selection of the new Chief Executive Officer
- Engagement with the Members Advisory Council, CEO and Senior Management Team
- Input into and review of submissions, reports or other correspondence.

Board skills and performance review

In mid-2020 the current Directors undertook an independently facilitated skills and performance review which determined that the current Board possessed the range of skills, experience and expertise that the organisation requires at the present time.

Director Pete Madsen has since tendered his resignation to Kudos' members. The Board has recommended to members via the Members Advisory Council that applications for a new Director be sought to replace this position and to return to a seven-member Board of Directors through an election at the upcoming Annual General Meeting on 21 October 2020.

To address any potential skills gaps within the Board, Kudos wishes to appoint an independent Director with a background and experience specifically in risk management as these are particular skills that Pete Madsen brought to the Board. However, it would be expected that the successful candidate possesses broad governance, financial, legal and human services knowledge to contribute to the Board's overall responsibilities, purpose and activities.

The Board has formed a Nominations Committee comprising representatives of the Board's Governance and Risk Committee and the Members Advisory Council to manage the process of seeking applications for the Director position, and recommending to members a shortlist of candidates for election at the Annual General Meeting.

Director Application Process

Kudos Services is seeking a suitably qualified and experienced independent Director with specific skills in risk management to join its Board of Directors for a term of up to three years. The successful candidate would be elected by the members of Kudos Services at the upcoming Annual General Meeting on 21 October 2020.

Candidates are invited to provide Kudos members a covering letter addressing the criteria below, along with a copy of their curriculum vitae. Applications can be sent to hr@kudosservices.com.au and must be received no later than midnight Sunday 20 September 2020.

As part of the application process, candidates will also be asked to prepare a short video to share with the voting members information about their interest in the position and their relevant experience and skills.

Director criteria

1. Appropriate formal qualifications or equivalent experience in risk management in a human services, management or business-related field including a working knowledge of relevant guidelines (e.g. *AS31000:2018 Risk Management Guidelines*)
2. Understanding of the governance structure of Kudos Services as an employee-owned mutual enterprise
3. Understanding of the operational and business environment of Kudos Services and ability to analyse internal and external contexts
4. Demonstrated understanding of best practice governance principles and processes
5. Demonstrated financial literacy skills.