

COMMUNITY SERVICES UPDATE

DIRECTOR COMMUNITY AND DEVELOPMENT

In providing this advice to Council as the Director Community & Development, I Leigh McCallum have no interests to disclose in this report.

EXECUTIVE SUMMARY

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Hepburn Shire Council has been a long-term provider of aged and disability services for its community.

Significant Commonwealth reforms have been implemented in the past decade and have resulted in major changes to service delivery requirements which will require careful consideration for Council to continue with future service requirements as the *Commonwealth Home Support Program* transitions to the new *Support at Home Program* after 30 June 2023.

The current contract with the Commonwealth finishes in June 2022 and Victorian Councils have been given an option to extend contracts to June 2023, however the contract extension requires significant change to current service delivery arrangements.

In taking this decision Council understands it has responsibilities to clients and families, staff and the broader community to manage the transition effectively and to anticipate and mitigate risk.

This first decision is taken on an in-principle basis to enable direct engagement with clients, families, staff, and unions. It will also allow Council to conduct an expression of interest process on a confidential basis to identify a potential values-aligned future provider for recommendation to the Commonwealth.

Council will receive a further report in February or March 2022 at which it will amend or confirm its decision and make a recommendation to the Commonwealth

OFFICER'S RECOMMENDATION

That Council:

1. *Advise the Commonwealth and Victorian governments of Council's in-principle decision to:*
 - a. *Withdraw from its agreement to deliver most CHSP services and all Victorian HACCPYP services as from 30 June 2022 (or date to be nominated by the Commonwealth and State); and*
 - b. *Seek Commonwealth permission to continue to receive Sector Support & Development and Senior Citizens funding.*
2. *Notes that since 2011 the Commonwealth has progressed implementation of a consistent and integrated national aged care service system based on increased*

consumer choice and control and competition between providers to drive quality improvements and service efficiencies with a final transition date of 1 July 2023.

3. *Determines on an in-principle basis that it will transition out of direct service delivery roles in the following programs:*
 - a. *Commonwealth Home Support Programme*
 - i. *Domestic Assistance*
 - ii. *Personal Care*
 - iii. *Flexible Respite*
 - iv. *Social Support – Individual*
 - v. *Home Maintenance and Modifications*
 - vi. *Social Support – Group*
 - vii. *Centre-based Respite Care*
 - viii. *Food Services*
 - b. *HACC-PYP*
 - i. *All funded activities*
4. *Seeks Commonwealth permission to continue to operate the following program under its agreement:*
 - a. *Commonwealth Home Support Programme*
 - ii. *Sector Support & Development*
 - iii. *Senior Citizens Groups*
5. *Commits to working with the Commonwealth and Victorian Governments to negotiate timing and transition processes that will protect the interests of clients, their families, much valued staff, and the broader community.*
6. *Notes that under its service agreements all processes and matters related to the transition process (i.e., names of future providers) will remain confidential until the Commonwealth and Victorian governments provide consent for release of information.*
7. *Affirms that in taking this decision it will continue to play an active role in ensuring its community will receive high-quality aged care services and will advocate for the needs of vulnerable members of the community.*
8. *Commits to the values and principles outlined in Appendix A of the report to underpin and support decision making through the transition process.*
9. *Notes that Council intends to be involved in the selection of a new Commonwealth Home Support Program provider and will make*

recommendations to the Commonwealth for their consideration during the appointment process.

- 10. Notes that Council's policy objective of ensuring that older adults seeking to live independently in the community will be provided with quality home support services will not be compromised by this decision. Support services will continue to be provided and Council will be able to reinvest its current ratepayer subsidy into alternative strategic priorities.*
- 11. Provides delegated authority to the Chief Executive Officer, or their nominee, to undertake of commission all tasks and activities related to the implementation of this council decision.*
- 12. Appoints the Mayor and CEO as spokespersons for all matters related to the Home Support Transition process.*
- 13. Approves that a non-confidential version of this report and resolution be publicly released following adoption to ensure transparency to Council's decision process.*
- 14. Approves immediate notification of its in-principle decision to:*
 - a. Clients and families*
 - b. Staff and union representatives*
 - c. Commonwealth and State Government*
 - c. Media and other communications*
 - d. Broader community*
- 15. Receive a further report in February / March 2022 to confirm this decision and the details of transition including timing of transition, the process for appointment of new provider(s), safety-net provisions, transition arrangements for clients, client information, transition support for staff, implications for Council assets and facilities and communications to the broader community.*

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Further information on managing the communications in a transparent manner to the community, key stakeholders and staff whilst protecting the confidentiality and sensitivity of the information is detailed under 'Community and Stakeholder engagement' in the body of this report.

BACKGROUND

Hepburn Shire Council (the Council) is an important provider of home and community care services to assist older people and those recovering from acute care to continue to live independently in the community. Through the previous Home and Community Care (HACC) program this was an important part of the core mission for Victorian local government for over 30 years. The HACC program was initiated in the early 1980s and most Victorian local governments invested in the development of a highly coordinated and integrated suite of services across assessment, domestic assistance, personal care, respite care, home maintenance, delivered meals, senior citizens centres and social support. This highly integrated system was peculiar to Victoria and was not replicated in other states.

The investment and organisational commitment to provision of services has over time become emblematic of the supportive relationship between local government and its community. Investment in HACC services was a means of expressing a strong commitment to many vulnerable members of the community: this included older people, people with a disability or mental illness and people at risk of homelessness.

The national aged care reforms

Australia's integrated national aged care program has been undergoing significant reforms over the past 10 years following Commonwealth agreement to take full responsibility for aged care in August 2011 and establishment of the National Disability Insurance Scheme at around the same time.

The key drivers for the aged care reforms included:

- the number of people in Australia requiring aged care (in some form) would increase by 350% between 2011 and 2050
- significant system weaknesses (difficult navigation, limited services, variable quality, and no consumer choice) and inefficiencies (duplication of effort, no competition, and high-cost structures) that needed to be eradicated, and
- real concern that the cost of providing adequate care for older people in future would be unaffordable as a nation.

Attributes of the current aged care model include:

- CHSP – 'entry level' basic home support and community-based services – domestic assistance, personal care, shopping etc – this program provides services to 839,400 older Australians nationally
- Home Care – four levels of 'packaged care' funded from basic to high care to maintain independence – services were provided to 175,000 older Australians
- Residential Care – funded residential aged care (respite and permanent) – 310,000 older Australians nationally

In 2019/20 the total Commonwealth aged care budget in 2020/21 was \$21.5 billion or \$5,063 per older person; this comprised Residential Care \$13.64 billion and Home Care and Home Support \$6.7 billion.

Design principles for the aged care reforms have remained very consistent since initiation, these include:

- **Consumer Choice and Control** – funding is provided directly to the clients based on assessed need to support choice and control – the client purchases services from a range of providers. This has a strong human rights and philosophical basis but introduces competition and signals the end of ‘block funding’ certainty for providers in most circumstances.
- **A Simplified Gateway** – My Aged Care is the single point of entry for all Australians to access aged care services – the 2017 Legislated Review of Aged Care has recommended merging of the RAS (Home Support) and Aged Care Assessment Teams (ACAT) (Residential Aged Care) into a streamlined national assessment service.
- **Demand Driven System** – the current ‘block funded’ and supply driven system will progressively move to a ‘demand driven’ funding system to ensure consistent services are delivered to where they are needed rather than what areas funding is allocated.
- **Competition Policy** – there is a renewed national focus on competition policy to drive economic growth, productivity, and efficiency in service delivery. It is more likely than not that future program design will be based on market and competition principles meaning that local government will face direct market exposure and ratepayer subsidy will be in effect prohibited.
- **Monopoly Market** – the current protected market arrangements are being completely dismantled to facilitate open competition and improved efficiency. Local government is not equipped to effectively operate under market conditions. (Block funding may be retained for some niche programs and regional and remote areas, but most of the program will likely be on a ‘most efficient’ multiple provider basis.)
- **Market Efficiencies** – the Commonwealth is seeking to reduce transaction costs by having fewer contracts with larger organisations who can operate across large geographic areas – it is unclear whether there will be direct contracts between the Commonwealth and individual local governments after June 2023.
- **Client Contribution** – the Commonwealth expects that all Australians will make a consistent contribution to care depending on their capacity and capability.

Recent reform decisions

The May 2021 Federal Budget announced a significant response to the Aged Care Royal Commission in its May budget, this included:

- \$6.5 billion for 80,000 additional aged care packages
- \$3.9 billion for improved front line residential care
- \$630 million improved access for vulnerable Australians
- \$365 million for better transition to residential care
- \$230 million to strengthen aged care quality and compliance
- \$49.4 million for aged care training
- \$21 million for improved sector governance
- \$13.4 million to Primary Health Networks to drive better coordination

The budget included an announcement of an extension of the CHSP program to 30 June 2023 to enable the design and roll-out of the new 'Support at Home' program. The original reform timing was for completion by 30 June 2018, and this has been subject of four extensions: one to 2019, then to 2020, again to 2022 and now to 2023.

The 'Support at Home' program will be a new integrated program commencing 1 July 2023 that combines CHSP, Home Care Packages, Residential Respite and Short-term Restorative Care. This integrated model will most likely be client-directed, offer a range of providers (i.e., a market-based model) and require that providers offer a suite of services across in-home, personal, nursing, and allied health.

The Regional Assessment Service that undertakes intake and assessment for the CHSP and HACCPYP programs was on a pathway to a national streamlined model by 1 July 2020. This initial plan was delayed pending the outcomes of the Aged Care Royal Commission and the Commonwealth announced in May 2021 that it will initiate a unified assessment model in 2022, and this new program will have responsibility for the new 'support at home' program from July 2023.

The Aged Care Royal Commission and broader aged care reforms have a critical focus on quality and compliance frameworks. This is already reflected in the rigorous requirements of the Aged Care Quality Standards which have applied since 1 July 2019 bringing an increased focus on training of staff, compliance, and outcomes for clients. Enhancing quality and safety is a major focus of the final Royal Commission Report and the Commonwealth has confirmed that there will be an increased emphasis on compliance and reporting for all providers

The Commonwealth has stated that the 2022/23 extension period for CHSP will be based on "payment in arrears". CHSP providers will invoice at the end of each month for actual services delivered rather than Council being paid in advance each quarter with any unspent funds being recouped through the end of year acquittal or subsequent audit. The Commonwealth has identified four benefits of this approach:

- Alignment with future reforms – the Support at Home program will support availability of services through funding following the individual client in most cases, payment in arrears facilitates this process and ensures a consistent consumer experience across all levels of care
- Better consumer choice – payment in arrears encourages a more direct relationship between services that are available and what consumers want. It also ensures access to services in a timely manner.
- Accountability – paying for services that have been delivered is a more accurate and accountable use of government funds.
- Reducing unspent funds – payment in arrears reduces unspent funds and allows reallocation of funding to where it is most needed as quickly as possible.

Hepburn Shire service profile

Hepburn Shire Council is considered a small provider of home and community care services. The largest Victorian local government providers deliver over 120,000 hours of in-home services per annum compared with Hepburn's 11,000, this compares with some large not-for-profit providers which can deliver 2 to 3 million hours of service per annum across CHSP and Home Care.

Council services are funded under two main programs:

- CHSP is a national program aimed maintaining independent living for people over 65 (or 55 for Aboriginal & Torres Strait Islander people) funded by the Commonwealth, and
- HACCYP is a state-based program that provides services for people under the age of 65 with a disability or chronic illness.

Services are funded from three main sources:

- Unit price – under block funding the government pays Hepburn Shire a unit price for services delivered under each program
- Client contribution – the client or carer pays a fee for service depending on their means
- Ratepayer – the cost of delivery is subsidised by income from rates

Program (2020/2021)	Funded Hours	Annual Grant Income
CHSP Domestic Assistance	8,712	\$438,028
CSHP Personal Care	1,972	\$116,602
CHSP Flexible Respite	900	\$55,950
CHSP Social Support – Group	8,760	\$163,723

Program (2020/2021)	Funded Hours	Annual Grant Income
CHSP Social Support – Individual	1,142	\$57,431
CHSP Other Food Services	246	\$17,512
CHSP Home Maintenance	320	\$16,711
CHSP Home Modifications	\$16,711	\$16,711
CHSP Centre Base Respite	250	\$12,568

Table 1: CHSP Services - Hours and Grant Income

Program (2020/2021)	Funded Hours	Annual Grant Income
HACCPYP Home Care	1,378	\$67,963
HACCPYP Personal Care	307	\$15,141
HACCPYP Property Maintenance	158	\$8,080

Table 2: HACC-PYP - Hours and Grant Income

KEY ISSUES

Support at Home Program

Hepburn Shire Council has accepted that it will not be able to play a meaningful role as a provider of services under the future 'Support at Home' program and that it is in the broader public interest that it transitions out of direct service delivery to focus on broader policy areas such as positive ageing, health and wellbeing and adaptation of universal services to better meet the needs of older citizens.

Participation in Support at Home will require Council to extend its suite of programs well beyond current entry level services into home care packages, allied health, nursing, and more complex personal care. This extension will require higher standards and clinical governance further adding to costs and complexity.

Mandate to operate

Council's current mandate was established over 30 years ago and has been as a 'block-funded' service provider for the majority of CHSP program hours and units for the municipality. Block-funding provided certainty and security for Council in how services could be planned and delivered.

A future mandate under the Support at Home program will most likely be on the following criteria:

- Area – preference will be given to providers operating across one or more Aged Care Planning Regions or even state-wide or national basis.
- Consumer directed funding – most funding will be directed to the consumer, and they will have choice and control over which provider they will select. This automatically places Council under market or competition arrangements and severely reduces certainty.
- Payment in arrears – payment will be based on delivered units and paid following submission of monthly invoices. Council will need new business systems and sufficient cashflow to sustain operations.
- Expanded service suite – there will be an expectation to single providers will span entry-level to complex care requirements, this will invoke increased quality, compliance, and clinical governance requirements.

Workforce

Most local government providers have experienced significant competition for qualified direct care workers in recent years, and this has been exacerbated in Hepburn Shire by housing affordability and other barriers including Covid-19 to the local employment of key workers.

The chronic shortage of qualified workers has meant that Council has not been able to meet service delivery targets which means that Commonwealth policy objectives have not been met.

Cost of Services

In the context of what the Commonwealth is seeking to deliver, Victorian councils are a relatively inefficient and expensive provider of services. Unit costing analysis conducted on over 30 councils found that the delivery of all in-home services requires a ratepayer subsidy of between \$15.00 and \$25.00 per hour to deliver.

Unit costing for Hepburn Shire undertaken in October 2021 based on 2020/21 budget data provided a direct unit cost of \$48.93, when local overheads were included the unit cost increased to \$102.16 per hour of service delivered. The estimated unit cost including reasonable corporate overheads increases to \$109.99 which represents a ~\$50 per hour ratepayer subsidy for each hour delivered.

The unit cost exercise estimates that a ratepayer subsidy of approximately \$580,000 was required to support CHSP and HACCPYP services in the 2020/21 financial year.

From a public interest perspective, if Council was not the provider, the Commonwealth will be responsible and accountable for the delivery of services and the ratepayer subsidy could be redirected to alternative priority areas.

Other financial implications of this decision include:

- the Commonwealth is facing an incredibly significant increase in demand for services (> 350%) and must find the most efficient means of delivering a universal service platform for all Australians, no matter where they live,
- the Commonwealth believes services can be delivered for a cost equal to the funding provided plus the fee paid by the client with no other subsidy,
- all levels of government should be seeking to achieve the most efficient means of delivering outcomes for the community. Market sounding completed by Mach2 Consulting indicates that there are regional and national aged care providers who would be able to deliver CHSP and HACC PYP services,
- Victorian ratepayers are currently subsidising a service that is the responsibility of another level of government (essentially voluntary cost-shifting) – the Commonwealth has taken full responsibility and does not require local government support or subsidy to deliver services, and
- National Competition Policy states that any level of government should not subsidise services where there is a reasonable alternative.

POLICY AND STATUTORY IMPLICATIONS

Commonwealth policy

The Commonwealth took full policy, funding, and commissioning responsibility for an integrated aged care program in August 2011 and has proceeded to implement a range of reforms based on very consistent design principles. The Commonwealth is seeking to design and deliver a nationally consistent consumer centred, integrated, and flexible aged care system that meets the needs of all older Australians.

National Competition Policy

A constraint on Council decision making is the application of National Competition Policy to local government in Victoria. The Commonwealth is more than likely to apply market principles to a future Home Support service model and that National Competition Policy and Competitive Neutrality Principles would therefore apply to local government operations.

Competitive Neutrality Principles apply to the significant business activities of Councils and not to non-business or non-profit activities. The concept of 'significance' is defined on a case-by-case basis looking at the importance of competition in a specific market.

Given the Commonwealth is more than moving to a market-based model for delivery of future services, it is reasonable to assume that there will be a high degree of focus

on ensuring the market is not distorted or disrupted by government subsidised activity.

There is a mandated 'public interest test' that must be undertaken if Council wishes to continue to provide services that are subsidised in competition with other 'not-for-profit' and 'for-profit' providers. The author cannot see that there is a viable public interest in Council continuing to be a provider in competition with more efficient and more effective non-government providers.

Positive Ageing

Council has undertaken work on its Positive Ageing Policy in recent years to provide a deeper understanding of how Council can support older citizens into the future.

Council has previously resolved to fund an Inclusion Officer and funding has been directed towards a Positive Ageing Officer to resource and support additional work in this policy area.

Adaptation of universal programs to meet the needs of older citizens is a priority area for all Councils to consider.

Industrial obligations

Council has significant industrial obligations to staff to ensure notification of change and engagement in significant decisions that impact the workplace.

The changes anticipated by this in-principle decision will trigger these obligations and therefore Council must be clear on its position around engagement of staff and notification of unions.

A final decision to exit the program will trigger redundancy provisions of the Enterprise Agreement, exploration of redeployment opportunities and payment of retrenchment packages for affected staff.

[REDACTED]

An industrial risk that Council must be aware of is transfer of business, this is where a Council seeks to transfer its funding agreement directly to another local provider through a sub-contracting or partnership arrangement. A transfer of business occurs where work, operations, employees, and assets transfer from one entity to another. The implications include that some, or all the employment conditions (wage rates, enterprise agreement, flexibility arrangements etc) of the original employer can, in some circumstances transfer to the new employer.

For a "transfer of business" to occur it relies on whether a range of requirements are satisfied, these include:

- employees transfer between the two entities within a 3-month period,

- employees are terminated by the old employer,
- the work is the same or substantially the same as with the old employer, and
- there is an association between the old employer and the new employer.

Should this option be sought, Council will need to seek legal advice based on current circumstances but the risk of a transfer of business is considered much higher in a sub-contracting arrangement as compared with an arrangement where a service agreement is terminated, employees paid retrenchment benefits and funding returned to the Commonwealth.

Draft Council Plan 2021-2025

1. A resilient and sustainable environment

There are no significant environmental implications arising from this report.

2. A healthy, supported, and empowered community

Council's transition from being a provider of home support services will potentially strengthen its capacity to invest in positive ageing and health and wellbeing initiatives for older citizens.

A future focus will need to be on adaptation of universal services (recreation, leisure, libraries, open space etc) to meet the needs of older citizens and people with a disability.

Council will take a strengths-based approach to managing transitions and seek to empower clients, families, and staff in their engagement with the implementation of the decision.

3. Embracing our past and planning for the future

Under the former HACC program Council had a strong history in delivery of integrated services to its community.

Government reforms, creation of the NDIS and future Support at Home program have challenged this role and Council must now plan for its future policy objectives and potential role.

4. Diverse economy and opportunity

It is in the interests of the Commonwealth to have a diverse range of home support and aged care providers servicing regional needs.

Future providers will deliver across aged care planning regions (8 to 10 LGAs) and deliver services to meet entry-level to complex care needs.

5. A dynamic and responsive Council

The Local Government Act 2020 includes service performance principles that mandate that Council services must be responsive to changing needs and emerging trends. This decision is reflective of the radically changed policy environment, anticipates the future design of the Support at Home, and outlines a course of action that will be in the best interests of the community.

GOVERNANCE ISSUES

Human Rights

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

Probity and confidentiality

The expression of interest process that is recommended must meet the probity and confidentiality requirements of the Commonwealth. This will be an important decision criterion in any 'without prejudice' recommendation to be made to the Commonwealth by Hepburn Shire.

SUSTAINABILITY IMPLICATIONS

There are no sustainability implications associated with this report.

FINANCIAL IMPLICATIONS

This report has significant financial implications for Council.

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The ongoing ratepayer subsidy (estimated at between \$550,000 and \$600,000 in recent years, or ~2.5% of total rate income) is not required to deliver Commonwealth policy objectives of an integrated aged care program to support older people to live independently in the Hepburn community.

Council will need to commit resources to support an effective transition process, this is estimated to be around \$65,000 over the next 12 to 18 months.

An estimate of the cost of post-transition budget requirements to fund commitments to positive ageing are outlined below:

Employee costs	\$213,000
Operations	\$20,000
Total	\$233,000

The employee cost allocation will support a Positive Ageing Officer (B6 1.0 EFT), Inclusion Officer (B4, 0.6 EFT, Councillor initiative) and a proportion of the manager's time.

New initiatives related to additional positive ageing policy commitments will be referred to the annual budget cycle for review and approval in the context of all other demands on Hepburn Shire Council.

It is recommended that Council's Audit Committee receive a review report at the end of the transition process that summarises all costs and addresses lessons learnt

RISK IMPLICATIONS

A comprehensive risk and community impact analysis has been completed for Hepburn Shire Council; the high-level risks associated with this decision include:

- **Future Cost of Services** – the current estimated 'cost to council' for the main Home Support services of approximately \$500,000 per annum is based on 'block funding' and a consistent demand for service. It is highly likely that with increasing demand, the introduction of competition and consumer directed care the future cost of service will increase and that there will be higher volatility and commercial risk.

- **Avoided risks** – by choosing to transition out of service delivery Council is avoiding a significant number of risks, these include commercial risk, business continuity, competition policy and clinical governance.
- **Investment in Innovation** – if Council seeks to remain as a provider of services post-2023 it will need significant investment to support the reorientation of its operating model. This will require renegotiation of industrial arrangements, investment in business processes and technology, reduce overheads, working capital (move to payment in arrears) and capability to quickly increase and reduce scale of operations.
- **Unit Cost** – the unit cost of delivery by local government is relatively high when compared to the level of funding provided and the operating costs of not-for-profit and other non-government organisations. Significant industrial and operating reform would be required to seriously change local government cost structures.
- **Commercial Risk** – the introduction of ‘consumer directed care’ and likely end of ‘block-funding’ will introduce significant commercial risk for Council. Councils have operated in a highly collaborative, almost monopoly market for 30 years and will have difficulty in adapting operating models to meet these challenges.
- **Scale of Operations** – some councils have examined if growing the scale of operations might be a solution to responding to the reforms. Investigation of this option has indicated that growth in a highly competitive market is unlikely due to inability to expand geographic boundaries, inherent cost structures, limited range of service offerings and lack of experience.
- **Full Cost Attribution** – most local government budgets reflect only direct operating costs and local management overhead. Full cost attribution will reflect direct and indirect operating costs, local and corporate overheads, costs of assets deployed in service delivery and adjustments for tax and other advantages derived from being a level of government.
- **Market Competition** – it is more likely than not that ‘limited or full-market competition’ will be introduced in the commissioning of aged care services. Council will need to restructure its operating model and cost structures to adapt to this emerging challenge.
- **National Competition Policy** – NCP requires council to completely remove underlying rate-payer subsidies or pass costs on to consumers. Council can undertake a Public Interest Test, but it is not likely to be able to justify continued subsidisation when in competition.
- **Stranded Services** – if active markets for aged and disability services develop in populated areas, it may result in Councils being left with only remote or rural areas with a very high costs of delivery. Council will be the provider of

last resort with diminishing market share and significantly increasing unit costs.

- **Thin Market** – the lack of viable alternate providers is a real risk in regional areas. The responsibility for ‘market stewardship’ and ensuing viable providers sits with the Commonwealth and Victorian governments who have significant market power and influence.
- **Industrial and Employee Relations** – every scenario or pathway for Council contains industrial and employee relations risks, these include industrial obligations under Enterprise Agreement; renegotiation of employment arrangements and a moral obligation to long-serving staff.
- **Managing Transitions** – Council will need to manage the transition of many individual clients over the coming 12 to 18 months, significant investment will be required to provide a safety-net to ensure positive outcomes for clients and community.
- **Addressing Vulnerability** – most clients will make a transition with limited support from Council. It is understandable that Council has a high level of concern for vulnerable members (mental illness, social isolation, at risk of homelessness, intellectual disability etc) of the community and therefore it will invest in transition programs and safety-nets to provide appropriate support structures.
- **Advocacy** – There is a clear need for strong advocacy to the Victorian and Commonwealth governments on the risks for local government arising from the reforms. This includes holding the Commonwealth and Victorian governments accountable for service delivery outcomes; ensuring the market stewardship roles are fulfilled; and making representations on the needs of vulnerable communities.

Officers propose that Audit and Risk Committee will be provided with a status update, and where necessary a detailed report that provides information relating and seeks risk management and probity oversight to the reforms and transition.

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Council has undertaken significant consultation on its Positive Ageing policy in recent years and most recently as part of the Hepburn Together project with strong feedback received by community for a focus to be on positive ageing.

Council officers have engaged with Commonwealth and Victorian government agencies to provide notice and advice of the decision-making process.

Council by taking this in-principle decision will trigger a comprehensive communications and consultation exercise; this will include:

- Staff will be informed that Council is commencing a decision process and will be provided with a key internal contact to raise any questions or concerns during the process
- Clients and families will be informed that Council is commencing a decision process and will be provided with a contact number to raise any questions or concerns during the process.
- A proactive media engagement strategy to explain the rationale for Council's decision, the intended process, and long-term benefits for the community.
- The Australian Services Union, acting as the industrial representatives of staff will be advised of Council's in-principle determination on this matter. A staff working group will be established to ensure clear communication throughout the process.
- Council officers will host an information and 'Q & A' session for the general community following Council determination on this matter.
- A comprehensive 'Frequently Asked Questions' document will be available via Council's website and customer service centres.

PATHWAY OPTIONS AVAILABLE TO COUNCIL

Option 1 – Plan for service provision beyond 30 June 2023

This option is not recommended.

Preparation for service provision under the future Support at Home program will require Hepburn Shire to completely redesign its service and business model as well as reduce its cost structures by at least 30% to 35%.

Expansion of the traditional service model into more complex care will significantly increase risk and require commitment to clinical governance.

Market competition will be used as a driver of quality and efficiency under the new program, and this will invite commercial risk and application of National Competition Policy competitive neutrality principles.

Local government cost structures are inflexible and the biggest barrier for Hepburn Shire (and all local government providers) is scale of service provision and inability to amortise local overhead costs.

Option 2 – Transition out of direct service delivery and focus on broader policy

This option is recommended as being in the public interest and aligned with Council's broader obligations to the community.

Council accepts that Commonwealth policy is moving towards a consistent national integrated aged care system and that this will require more efficient providers who can deliver services across a broad spectrum of needs.

The decision to transition out of its long-term commitment to service delivery is a significant decision and not taken lightly. Council has an obligation to resource and support an effective transition for clients and staff.

Council will proactively manage an effective transition out of service delivery and ensure that all clients (and especially those clients that are vulnerable or at risk of social isolation) are provided with support.

Council accepts its moral and industrial obligations to all staff affected by this decision.

Option 3 – Transition through partnership or sub-contract

In this scenario Council would retain its service agreements and seek to contract with local or regional partners for delivery.

This option is not recommended as the 2-year time frame left for the CHSP program is not sufficient to prepare, commission, and implement an effective procurement process (for both Council and the potential contractor).

Sub-contracting several other industrial and commercial risks including transfer of business and potential for increased costs due to contract supervision.

APPENDIX ONE – PRINCIPLES AND VALUES

Communication

- Council will be timely in all communications and will ensure that all people affected by a decision will have information provided including the rationale and drivers for all decisions.
- Open and transparent communication between all parties will underpin the partnership and build trust and confidence.

For clients

- The individual needs of all clients will be understood and considered during the transition process. It is recognised that some clients will need additional support during the transition process and Council will ensure that special attention is paid to protecting the rights of vulnerable clients.
- Council will act as an advocate for the needs of all clients and will ensure that additional resources are provided to hear and respond to individual, or group needs during transition and an appropriate time following the date of transition.
- Council will ensure that clients are provided with high quality information before, during and after transition and individual private consultations if required.

For staff

- Council values the contribution of all staff and recognises the commitment made to deliver high quality home support services to the Hepburn community.
- Council understands the unique relationship that develops between carers and clients and will work towards ensuring the continuity of this relationship where possible.
- Council will identify and implement readiness activities and support that will ensure workers are prepared for the transition process.
- Council will establish a transition working group involving affected staff (and their representatives) to ensure the effective two-way flow of information.
- Council will meet all industrial obligations and will ensure investments are made to provide staff with the support and skills they need to make an effective transition to future work or retirement depending on their individual circumstances.

For the appointed provider

- Council will seek to have input into the appointment of a high-quality provider of home support services (understanding that the final appointment is a matter for the Commonwealth and Victorian governments).
- Council will work constructively with the appointed provider to ensure that the service transition occurs in a way that protects the interests of clients, families of clients, staff, and the broader community.
- Council will ensure that quality client and service information will be provided to the appointed provider(s) to inform decisions during the transition process.

For community

- Council will make decisions that are in the best interests of the broader community, this will include understanding the financial, economic, social, health and wellbeing implications of any decision.
- Council will act as an advocate for the needs of the community and will hold accountable Commonwealth and State Governments and the appointed home support providers for the delivery of quality services to the Hepburn community.