

Home Support Transition Report

Public Version

At our Ordinary Council Meeting on Thursday 27 January, an in-principle decision was made to start a three-month consultation process with a view to eventually see Council transition out of direct delivery of Aged Care Services across our region. There will be no immediate changes to services currently delivered by Council while this consultation is carried out.

This decision follows significant aged care industry reforms, which will see Council's current contract to deliver services on behalf of the Commonwealth Government end in June 2023.

The Commonwealth's impending end to current Aged Care programs and transition to a new model of care - the new proposed Support at Home Program - has triggered a need for Council to determine if it is in the best interests of the community to continue as a provider of aged care services.

Preliminary information available from the Commonwealth indicates agencies will register as providers of 'Support at Home' in a similar way agencies can register as a National Disability Insurance Scheme provider. Customers can then choose to receive services from an agency of their choice.

Council is contracted to deliver Commonwealth Home Support Program (CHSP) services until June 2023, at which point all CHSP clients will transition to the new 'Support at Home' program. There will be no immediate changes to services currently delivered by Council while this consultation is carried out.

Following Council's commitment to be open and transparent with communication, a public version of the Council report is provided below.

1. Summary

The purpose of this report is to provide sufficient information to allow Council to fully consider the in-principle decision on its future role as a provider of services under the Commonwealth Home Support (CHSP) and Victorian Home and Community Care Program for Young People (HACC-PYP) programs.

This report will initiate service agreement, transparency, and industrial obligations to provide notice and advice of its decision to the following parties:

- Commonwealth and Victorian governments;
- Clients and families; and
- Affected staff and unions.

Underpinning acknowledgement for decision, Councillors

- (a) Note 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.

- (b) Accept that due to inherent service cost, financial constraints, competition policy and other structural challenges, Mildura Rural City Council (Council) along with many other Victorian councils may not be able to play a meaningful future role in service delivery.
- (c) Note that a future decision to transition out of the CHSP and HACC-PYP program will trigger industrial obligations to long-serving staff and will have significant cost implications.
- (d) Resolve to receive a further report in May 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 the communication of this to the broader community.

2. Recommendation

That Council:

- (a) **resolve to commence a three month consultative period with a view to transition out of direct service delivery roles in the following programs:**
 - (i) **All funded Commonwealth Home Support Programme (CHSP) services**
 - i. **Domestic Assistance**
 - ii. **Personal Care**
 - iii. **Flexible Respite**
 - iv. **Social Support – Group**
 - v. **Property Maintenance and Modifications**
 - vi. **Sector Support & Development;**
 - (ii) **All Home & Community Care Program for Young People (HACC-PYP) funded services**
 - i. **Domestic Assistance**
 - ii. **Personal Care**
 - iii. **Property Maintenance;**
- (b) **resolve to work 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;**
- (c) **resolve to continue to play an active role in ensuring the community will receive high-quality aged care services and advocate for the needs of vulnerable members of the community;**
- (d) **commit to the Home Care Transition Values and Principles to underpin and support decision making through the transition process;**

- (e) subject to the Commonwealth Government agreeing, resolve to conduct selection of a new CHSP provider by conducting an Expression of Interest process and will make without-prejudice recommendations to the Commonwealth for their consideration during the appointment process;
- (f) resolve to realign policy direction towards future investment in age-friendly or positive-ageing initiatives and to ensure that Council's universal services and facilities are designed to meet the needs of a growing population of older residents;
- (g) resolve 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;
- (h) resolve to provide delegated authority to the Chief Executive Officer, or their nominee, to undertake or commission all tasks and activities related to the implementation of this Council decision;
- (i) authorise the Mayor and Chief Executive Officer as spokespersons for all matters related to the Home Support Transition process;
- (j) approve notification of its in-principle decision to, and appropriate consultation with:
 - (i) Clients and families
 - (ii) Staff and union representatives
 - (iii) Media and other communications
 - (iv) Broader community;
- (k) resolve that the transition processes and matters (i.e. names of future providers) remain in confidence until the Commonwealth and Victorian governments provide consent for release of information;
- (l) approve that the Home Support Transition Report – Public Version, will be made publicly available within two months of Council's decision to ensure transparency to Council's decision-making process; and
- (m) resolve to make the report summary and resolution publicly available within two months of this resolution.

3. Background

Mildura Rural City Council (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 almost 40 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 per cent 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 the future would be unaffordable as a nation.

Attributes of the current aged care model include:

- Commonwealth Home Support (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.

The total Commonwealth government expenditure reported on aged care services in 2019-20 was \$21.5 billion or \$5,063 per older person; this comprised Residential Care \$13.64 billion and Home Care, Home Support \$6.7 billion and \$1.2 billion on other services such as assessments and flexible care.

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 Regional Assessment Service (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, 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; and
- \$13.4 million to Primary Health Networks to drive better coordination.

The budget included an announcement of an extension of the Commonwealth Home Support (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 Victorian Home and Community Care Program for Young People (HACC-

PYP) 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 advised 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.

Mildura Rural City Service Profile

Council is considered a medium-sized Local Government provider of home and community care services in the Victorian context. The largest Victorian local government providers deliver approximately 120,000 hours of funded in-home services per annum compared with Mildura's 51,000 across all funding streams. This is in comparison with some larger not-for-profit providers which deliver many hundreds of thousands of hours of service across CHSP and Home Care Packages.

Council services are funded under two main programs:

- Commonwealth Home Support (CHSP) is a national program aimed at maintaining independent living for people over 65 (or 55 for Aboriginal & Torres Strait Islander people) funded by the Commonwealth; and
- Victorian Home and Community Care Program for Young People (HACC-PYP) 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 Mildura Rural City Council a unit price for services delivered under each program;
- Client contribution – the client or carer pays a fee for service depending on their means; and
- Ratepayer – the cost of delivery is subsidised by income from rates.

4. Consultation Proposed/Undertaken

Significant consultation with the community has identified that supporting our ageing population is an important priority for the community.

Council officers will engage with Commonwealth and Victorian government agencies to provide notice and advise of the decision-making process.

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

- 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 the intention of council to make an 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 public version of the 'Home Support Transition Report' and a comprehensive 'Frequently Asked Questions' document will be available via council's website and customer service centres. Community will be able to provide feedback on the report by lodging a written submission with council.

5. Discussion

Support at Home Program

Council has accepted that it may 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 the future Support at Home program will require council to extend its suite of programs well beyond current entry level services into allied health, nursing, and more complex personal care. This extension will require higher standards and clinical governance further adding to costs and complexity.

Support at Home will also signal the end of 'block funding' and introduction of competition on quality and cost between providers. Councils do not have the business systems to support this type of operation, the additional commercial risk is considered inappropriate and National Competition Policy prevents operating with the support of a ratepayer subsidy.

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 that single providers will span entry-level to complex care requirements, this will invoke increased quality, compliance, and clinical governance requirements.

Workforce

Most Victorian local government providers have experienced significant competition for qualified direct care workers in recent years. Like other councils, Mildura has been challenged by increasing community demand for services, service level fluctuations related to the roll out of the NDIS and other reforms, the uncertainty of year to year contract extensions, and other issues related to recruiting in regional and rural localities. Council's Age and Disability Services has been running continuous recruitment cycles for almost one year with vacancies still remaining.

Cost of Services

In the context of what the Commonwealth is seeking to deliver, Victorian local government providers 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 \$20 and \$35 per hour to deliver.

For Mildura Rural City Council this equates to a ratepayer subsidy of approximately \$800,000 per annum across Commonwealth Home Support (CHSP) and Victorian Home and Community Care Program for Young People (HACC-PYP) services.

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 per cent) 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 (around \$50.00 per hour);
- 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 in the municipality;
- 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.

6. Time Frame

Key dates associated with this process include:

- 27 January 2022 – Council Meeting – in-principle decision;
- 4 February – advice to staff and union;
- 7 February – advice to clients and families;
- 7 February – media briefing (embargoed to allow advice to clients);
- 7 February – letter to partner agencies, CHSP and HACC-PYP;
- May 2022 – Final Council decision.

Service continuity to clients will be maintained throughout the decision and transition process.

Staff will be kept informed through local consultative committee arrangements throughout the process.

7. Strategic Plan Links

The Mildura Rural City Council Plan 2021-2025 provides as follows:

Community – we will be a healthy, respectful, and connected 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.

Council will continue to play a strong advocacy role to ensure older residents have access to quality aged care services and in not being a

provider will be able to take a more active planning and coordination role.

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

It is in the interests of the Commonwealth and Mildura Rural City Council to have a diverse range of home support and aged care providers servicing regional needs. The aged care system is much larger than home support services and future providers can bring additional benefits and investment.

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

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.

Place – we will be a place to live, belong, and visit with infrastructure and development that enhances our lifestyle.

Council will focus on ensuring future infrastructure meets the needs of older people and people with a disability in its community.

Leadership – we will have responsible, collaborative leadership that puts community wellbeing at the heart of decision making.

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.

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.

8. Asset Management Policy/Plan Alignment

Council's Asset Management Policy CP031 sets guidelines for implementing consistent Asset Management processes throughout Mildura Rural City Council. This supports the delivery of community-based services for older people in the community.

Consideration of future use of these facilities and buildings will be considered as part of the transition program. It is possible that future home support and community-based service providers may not seek to utilise these facilities.

9. Implications

Legislation and Policy

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-centric, 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 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. There is no viable or significant public interest in Council continuing to be a provider in competition with more efficient and more effective non-government providers.

Industrial obligations

Council has industrial obligations to staff to ensure notification of change and consultation and engagement on 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.

Human Rights

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

Financial

This report has significant financial implications for council.

The ongoing ratepayer subsidy (estimated at approximately \$800,000 in recent years) is not required to deliver Commonwealth policy objectives of an integrated aged care program to support older people to live independently in the Mildura community.

It is estimated that costs related to transition will be recovered within a three year period.

Environmental

There are no environmental sustainability implications associated with this report.

Social

The national aged care reforms have several strategic objectives, these include:

- Services will have a much greater focus on and be tailored to and adapt to the changing needs of individual clients as they age in the community.
- Government must find the most efficient means of delivering services to a fast-growing community of older people, this is a problem of national affordability.
- Ease of navigation – the new integrated aged care system will provide greater support to older people and their families to be able to navigate a complex system at a challenging time in people's lives.

Economic

It is in the interests of both council and the Commonwealth to have a diverse range of thriving service provider options for older people in the community. Council has been a monopoly provider in the CHSP space and this will be disrupted during transition to the Support at Home program in mid-2023.

Growth in funding for both disability and aged care will create economic and work opportunity within the Mildura community.

10. Risk Assessment

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

- **Future Cost of Services** – the current estimated 'cost to ratepayers' for the funded Home Support 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** – Should council transition out of service delivery, 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.

11. 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 Mildura Rural City Council (council) to completely redesign its service and business model as well as reduce its cost structures by at least 35 per cent to 40 per cent. 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 council (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 two-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.

12. Conflicts of Interest

No conflicts of interest were declared during the preparation of this report.

13. Confidential Matters – Public Disclosure Date

The release of confidential information public disclosure date has been addressed within the recommendation of this report.

Attachments

- 1 Mildura Rural City Council Values and Principles (Confidential)