

ITEM 18.1 AGED CARE REFORM**PREPARED BY DIRECOR CONNECTED COMMUNITIES****EXECUTIVE SUMMARY**

At the Council Meeting on 28 February 2023, Council made an 'in principle' decision to change the way it would deliver direct care services to older residents in the future. This includes transitioning out of direct service delivery in all funded Commonwealth Home Support Programme services.

Significant Commonwealth aged care reforms have been implemented in the past decade, with changes to the funding and operating environment resulting in councils being ill equipped to continue as competitive providers of aged care services.

An 'in principle' decision means that Manningham Council will now consult with staff through a Notice of Proposed Change process aligned to its Enterprise Agreement. Manningham Council will also seek client and community feedback to understand the effects of the proposed change and the ways that Council can continue to support older adults in our community.

Significant research and due diligence have been completed in the lead up to this point. The aged care system is overseen and funded by the Commonwealth. The system changes that are being rolled out across Victoria because of Commonwealth reforms are consistent with the findings of the Aged Care Royal Commission and other changes. These changes would see the practices in Victoria aligned with those already in place across the rest of the nation.

Council Officers have thoroughly reviewed policy and business strategy in the context of the reforms. Council officers and Councillors have invested heavily and maintained a watching brief over the past ten years, to better understand the implications of the reforms on local government's capacity to deliver home support services, with a regular review of its service delivery. Now that the Commonwealth has announced an end date to the current CHSP arrangements, and the commencement of the Support at Home program from July 2024, Council must consider its options for the best use of public money in this new environment.

Council is contracted to deliver the Commonwealth Home Support Programme (CHSP) services until 30 June 2023. Manningham Council is proposing to seek a partial extension to this contract until 31 October 2023. After this time, new service providers are proposed to be appointed by the Commonwealth, and at which point all CHSP clients would be supported to transition to these new providers. Under this proposal, there would be no immediate changes to services currently delivered by Council until a transition could occur.

While this in-principle decision was made during a confidential meeting, Council resolved to release a non-confidential version of the report (this report), once the confidential resolutions to inform those who are likely to be affected by this proposed change have been acted upon, to ensure transparency in its decision-making process.

RECOMMENDATION

That Council:

- A. Make an “in principle” decision to not be a service provider in the Support at Home program from 31 October 2023. This includes current CHSP funded programs:
 - Domestic Assistance
 - Personal Care
 - Respite Care
 - Delivered Meals
 - Social Support – group and individual
- B. Notes that Council’s in-principle decision will lead to a consultation process with staff to seek feedback about the proposed change, as well as clients, and that following the consultation period, a final report will be brought to the April 2023 Council meeting to consider feedback prior to a decision.
- C. Note that following the in-principle decision, this report will be made publicly available once all affected staff, volunteers, clients and other stakeholders have been informed to ensure transparency in Council’s decision-making process.

BACKGROUND

Australia’s integrated national aged care program has been undergoing significant reforms over the past 10 years, following a Commonwealth direction to take full responsibility for aged care in 2011, including the establishment of the National Disability Insurance Scheme around the same time.

The Commonwealth contracts with Victorian Councils have been the subject of five extensions: one to 2019, then to 2020, again to 2022, to 2023 and now to 2024.

Over this time, more than 50 Victorian Councils have already ceased direct service delivery while two are known to have chosen to expand their services into Home Care Packages to create standalone businesses.

Key drivers for the Commonwealth aged care reforms included:

- The increase in older adults nationally, with an expected increase of 350 percent between 2011 and 2050.
- System weaknesses (difficult navigation, limited services, variable quality and no consumer choice) and inefficiencies (duplication of effort, no competition, and high-cost structures).
- Real concern that the cost of providing adequate care for older adults in future would be unaffordable as a nation.
- The findings of the Aged Care Royal Commission which recommended system-wide changes.

Summary of New Support at Home program changes

The Commonwealth Government continues to work toward a new Support at Home (SAH) program that will support 4.2 million senior Australians and will replace the existing Commonwealth Home Support Programme (CHSP). These changes will have broad impacts on how aged care services and the assessment process will be organised. The effect of this will be felt by both service users and service providers.

The principles of aged care reforms have remained consistent since the changes were first proposed:

Consumer Choice and Control – funding is provided directly to the clients based on assessed need to support choice and control. The client therefore 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. A Commonwealth review has recommended the merging of the Regional Assessment Service (RAS) and the residential Aged Care Assessment Team (ACAT) into a single 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. This ensures that individual older people's needs will be better assessed and met.

Competition Policy- there is a renewed national focus on competition policy to drive economic growth, productivity and efficiency. It is likely that future program design will be based on market and competition principles meaning that local government would face direct market exposure and ratepayer subsidies would in effect be difficult to justify.

Monopoly Market- the current protected market arrangements are being completely dismantled to facilitate open competition and improved efficiency. Local Government is not always well equipped to effectively operate under market conditions.

Market efficiencies – the Commonwealth is seeking to reduce transaction costs by having fewer contacts with larger organisations who can operate across larger geographic areas.

Client contribution -the Commonwealth expects that all Australian will make a consistent financial contribution to care, depending on their capacity and capability.

- The 2022 Federal budget included an announcement of an extension of the CHSP program to June 2024. This extension was to allow for more work to occur on the design and rollout of the Support at Home program. The original reform timeframe was to have completed the transition by 2018, however it has been delayed each year since, with a final transition date of June 2024.

- Manningham's CHSP funding agreement expires on 30 June 2023. It is possible to accept a partial extension to support a change process should this be required
- The Regional Assessment Service (RAS) that undertakes intake and assessment for the CHSP program was on a pathway to a national streamlined model by June 2020. This initial plan was delayed, pending the outcomes of the Aged Care Royal Commission. In May 2021, the Commonwealth announced that it would initiate a unified assessment model in 2022, and this was also delayed. The new model is still being trialled and we are informed that a new program will aim to be operational from July 2024. This report proposes no change to the RAS at this stage and Officers will monitor the situation as more information is made available.
- The broader aged care reforms have a focus on quality and compliance frameworks. This is already reflected in the rigorous requirements of the Aged Care Quality Standards, which have applied since 2019, bringing an increased focus on training of staff, compliance and outcomes for clients. Enhancing quality and safety is a major focus of the Royal Commission report. All providers are required to meet these standards.

The Process for Transition

As the Australian Government is responsible for aged care, the Commonwealth is responsible for sourcing alternative service providers for those Councils who are no longer in direct service delivery. The Commonwealth has indicated that between 3 and 6 providers could be appointed to deliver services across this region, including Manningham. Each of these providers is quality assured and could offer a range of ancillary services for older adults in addition to the services that have traditionally been offered by Manningham. These could include home maintenance, podiatry and other allied health services, as well as advice and pathways to residential aged care, should that be required. Residents will be assisted to make a choice of provider for delivery of their services.

An exit date of October 31 2023, would give the Commonwealth sufficient time to make the transition. As many Councils may be exiting CHSP on 30 June 2024, it is proposed that any transition should (where possible) avoid a June 2024 date as the Commonwealth will likely have reduced capacity to assist with a transition effectively.

Should a final decision be made to not be a provider of the Support at Home program, the Commonwealth will require six months to contract the service providers and to prepare for the transfer. Officers would use that time to work directly with clients and their families to assist in a smooth transfer.

DISCUSSION / ISSUE

The information released by the Commonwealth and reviewed with consideration of the points outlined above indicates that it would be difficult for Council to be able to effectively operate under the new Support at Home program guidelines without significant investment in- and changes to - the operating model and a significant reduction in operating costs.

This report proposes that Council does not seek to be part of the new Support at Home program and transitions out of direct service delivery by 31 October 2023.

Council recognises that it has responsibilities to clients, families, staff, volunteers and the broader community to manage any transition effectively and to continue to participate in service system oversight to ensure the new Support at Home program improves access and outcomes for residents.

Council could play an important role in supporting residents who may have enquiries about the introduction of the Support at Home program, or who may need some assistance to navigate the changing national system, or who are seeking information relevant to their individual support needs. Council could play an increasingly prominent role in the identification and implementation of programs and services that improve positive and healthy ageing outcomes for our older adults aged over 65 years in the Manningham community.

Risk Analysis and Impact Assessment

A number of risks have been identified. These relate to the transition to new service providers, the loss of workforce and skills and community perceptions.

Officers have identified mitigation strategies including:

- Retention of in-home support beyond the service cessation to ensure there is a safety net for clients who are transitioning to new providers
- Providing phone support for each client to assist with the transition to new providers
- Dedicated helpline for client enquiries during transition, staffed by trained officers
- Trained Navigation Officers to support residents beyond the transition period, to assist in 'navigating' the aged care system, representing their needs and providing direction
- Comprehensive communications plan to provide consistent and easy to understand messaging, including translated materials.

Most Victorian aged care providers have experienced significant competition for qualified direct care workers in recent years. This is a sector-wide issue that is being experienced now in Manningham. For example, current clients who wish to receive fortnightly in-home assistance are now receiving monthly services due to staffing shortages. As has been seen in other councils, the lack of workforce can be a critical factor in the success of a transition to a new service model. In recognition of this, the Commonwealth has noted that multiple service providers would be required for a municipality/region to mitigate the risk of a single provider not being able to meet the needs of the client group. This risk cannot be totally mitigated – workforce shortages are common across Australia however all efforts to have a smooth transition to multiple providers would be put in place.

It would also be preferable to retain some capacity to deliver in-home services for several months after the transition to provide a safety net for gaps in service provision. This would be a backup if there are vulnerable clients who cannot be immediately serviced by new providers.

Cost Benefit Analysis

The motivation for the proposed change to service delivery in Manningham is based on changes to the system itself, which is not geared up to deal with smaller providers (in national terms) such as Victorian Local Councils. The proposal to not be a service provider in the Support at Home program is a recognition that the new service system is tailored for large scale providers who work across large regions or right across the nation.

As part of the research that has informed this report, a thorough assessment of the costs of operating in the new service system has been undertaken. To establish a viable business that could compete in an open market, a reduction in operating costs of around 40% would be required.

A benchmarking comparison shows the cost of production of one hour of “in home” service in 2020/21 for Manningham Council was \$83.84 (\$95.13 with corporate overheads) whereas the non-government equivalent cost was between \$44.00 and \$57.87.

Currently the Commonwealth pays \$51.12 for an hour of “in home” CHSP service and clients pay between \$5.40 - \$8.50 an hour depending on the service. This means Council subsidises each individual resident receiving “in home” service an average of \$36 an hour which incorporates all direct and overhead costs.

Council’s current investment into service delivery – effectively a top-up of Commonwealth funding- is around \$3m annually.

A strategic re-investment of the ratepayer subsidy could support a larger proportion of older adults in Manningham to receive new programs, activities and information to support them. Additionally, they would receive direct service delivery through other providers and Council’s reinvestment would provide new activities to promote health and active ageing to support our community.

COUNCIL PLAN / STRATEGY

Council Plan Goal 1.1: A healthy, resilient and safe community

Council Plan Goal 1.2: Connected and inclusive community

IMPACTS AND IMPLICATIONS

Current and new CHSP clients would need assistance to move through both the Commonwealth’s and Council’s timeframes for transition toward the new SAH program and Council’s proposed withdrawal from being an aged care service provider.

Pre and post transition, Council would continue to support the Manningham community to access aged care services by providing information and navigational support from within the organisation.

Change management planning and delivery is crucial and would need to support timely decisions and activities to progress these changes.

A comprehensive change management plan would be prepared which would feature frequent communication with key messages. Additionally, staff and volunteers could be supported with a range of supports to assist with the change.

An 'in principle' decision by Council to implement these proposed timelines and strategies to exit as an aged care service provider would allow for staff consultation as required. Following this process, Council would be required to consider any feedback provided during the consultation period and make a final decision. If the decision is made to cease being a service provider, officers would formalise the transition plan for CHSP service delivery aligned to an exit date by 31 October 2023.

It is essential to recognise the years of dedicated service provided by many Council staff and volunteers, and to honour their history of commitment to Council and the community. The involvement of the Mayor and Councillors along with senior leaders would be appropriate to recognise the contribution of ADSS staff and volunteers to our older residents and the Manningham community.

IMPLEMENTATION

Finance / Resource Implications

- **System:** The new Support at Home program brings in a system that will be applied nationally in a consistent way. Victoria is currently the outlier in this system, with heavy local government co-investment and direct service provision which is not the case in other states. The new system is not set up to work well for local government. It is set up to favour large Australia-wide providers who can provide sufficient economies of scale to make the service system more cost effective.
- **Re-investment:** With an ageing population, Council recognises that supporting our older residents is a high priority and highly valued. Manningham Council remains committed to enhancing services for all residents over 65 and notes that this proposed change would see a continuation and expansion of activities and programs with a focus on healthy and positive ageing. Council's continuing investment could focus on proactive social support activities that would address key priorities in our Health and Wellbeing Strategy such as addressing loneliness, improving social connections, addressing elder abuse and supporting mental health for older adults.
- **Navigation:** Navigating the aged care system can be difficult for older people and their families. It is proposed to have dedicated and trained staff to support client enquiries and service navigation. There could be multiple roles where a resident could ask questions about the service system, how to get access to My Aged Care and what services and supports are available. This is a critical service that Council could provide ongoing. It's expected that this would be highly valued by our community. Recent surveying in Manningham showed that residents have a high level of trust in council advice about aged care services and think of Council as the first place to seek information. Trained staff will be important to supporting our community through the transition of services and beyond.
- **Staffing:** Manningham staff are highly trained and well regarded. For those staff who wish to find employment with other aged care service providers, Manningham would provide a range of supports to assist including:
 - Outplacement support, interview practice and resume writing
 - A facilitated connection with new employers who are seeking trained staff
 - Additional training
 - Redeployment opportunities

- Support for financial advice
- **Volunteers:** Food services volunteers would be assisted to make connection with alternative volunteering opportunities.

Communication and Engagement

Council should be transparent and open to providing information to clients, families, staff, community, and other stakeholders in the period before it makes a final decision about not remaining as an aged care provider into the future. This should include details of an extended and partnered transition plan and the future focus of embedding a new healthy ageing concept within the Council structure that will continue to address the needs of older people in Manningham.

To ensure transparency, this public-facing version of the Council Report has been prepared and will be distributed to assist in communicating the key messages that sit behind the in-principle decision.

Any change of service direction for clients can be an adjustment. It is important to note that under the proposed model, clients would continue to receive the services that they are eligible for, just with other service providers delivering these services. Council's involvement with the health and wellbeing of older adults will continue to focus on areas of social connection, an enhance community transport model and other wellbeing activities that are not provided by other levels of government.

To support a concept for Healthy Ageing, preliminary community and client surveying was undertaken with 357 residents to better understand ideas and perceptions around the alternate roles Council can play to support older people in Manningham. Key themes included resident identified needs for access to health services and supports to remain independent, facilitating access to information, community social connections and accessible transport. The results of the survey indicate an aspiration for Council to assist the community to connect and to be a trusted source of information. The proposed navigational service to support older adults would deliver on this expectation.

Current clients would be kept updated about the aged care sector reforms and relevant timeframes for transition arrangements.

In preparing this report, external industry consultants have provided information on the Commonwealth reforms, transition plans and timeframes and financial matters.

A Gender Impact Assessment has been completed for the proposed transition out of direct service delivery as a result of the introduction of the Support at Home program. The recommendations of the Gender Impact Assessment are aligned with the proposed approach outlined in this report to support staff to move to new employers, be recognised for their service and to access training and other support if this is desired.

DECLARATIONS OF CONFLICT OF INTEREST

No officers involved in the preparation of this report have any general or material conflict of interest in this matter.

Several officers involved in the preparation of previous briefings to Council have now declared a Conflict of Interest due to the likely effect of changes on their employment status. They have been excluded from the preparation and consideration of this report.