

3 Presentation of officer reports

3.1 Aged Services Reform

Executive Summary

Purpose

On behalf of the Australian Government, Council is contracted to provide a range of in-home services including domestic assistance, personal care, respite care, meal preparation, property maintenance and property modifications. The purpose of this report is to present the results of the client consultation undertaken in relation to a proposal to transition clients receiving these services to an alternative provider as nominated by the Australian Government, by 30 June 2022, the end date of the current contract with the Australian Government. As 98 percent of CHSP clients support the proposed transition, this report seeks an in principle Council resolution to transition these specific CHSP program components to the Australian Government's nominated provider.

The proposed transition of these program components to a provider who is registered with the CHSP for all of these program components and who possesses the expertise and capacity to accept all of the current CHSP clients will ensure client continuity of care during an imminent period of substantial and rapid change to the provision of community aged care in Australia resulting from the Australian Government's aged care reforms.

Background

The Australian Government's aged care reform agenda is now gathering significant momentum in preparation for the entirely new, open market, consumer driven **Support at Home** program from 1 July 2023.

The **Support at Home** program will place greater emphasis on the unique needs and circumstance of individuals to support them to remain living independently for longer. Providers will need to flexibly deliver a wider range of services based on an individual's needs, rather than the current fixed suite of services which is the basis of the CHSP. **Support at Home** providers will need to be in the position to accept aged care clients who have varying complexity of needs, which will range from clients with low level to high level care needs. Clients with higher care needs will require appropriate clinical support to ensure duty of care is appropriately exercised to meet clients' needs. This will require specialist services such as occupational therapy, physiotherapy, nursing support and the provision of technologies to help with day-to-day activities. Council only provides services to clients with low level needs and does not have expertise or experience to deliver to clients with high care needs. Should Council approve this proposed transition, the provider nominated by the Australian Government has the expertise and personnel to be able to provide services for all levels of aged care clients' needs.

Council cannot continue to provide the current suite of in-home services under the new model due to:

1. The subsidy which Council currently pays towards the operational costs of CHSP will be seen as anti-competitive in an open market and in breach of the National Competition Policy.
2. The suite of in-home services Council currently provides are the basic entry level aged care services. Council does not have the capacity nor the expertise or skill base to deliver the range of personalised services expected to be available to clients under the new **Support at Home** program.

To assist Council's decision-making and enable meaningful consultation with clients on the potential transition of in-home CHSP services to an alternative provider, a request was made of the Australian Government to identify a potential suitable alternative provider. Following a due diligence process undertaken by the Australian Government, the Australian Government identified *mecwacare*, a local not-for-profit aged care provider who has provided care to the Victorian community since 1959, as the potential new provider.

Key Issues

- Delaying the potential transition of in-home CHSP services until 1 July 2023 will jeopardise the continuity of care for clients as the bulk transfer of clients would no longer be possible and Council would be unable to recommend a provider to clients as the sector moves to a fully commercialised model. Furthermore, Council would be unable to provide a careful and considered handover of clients to the alternative provider. Any delay would reduce the likelihood of a seamless transition and certainty into the future for clients, as it is expected there will be a degree of turbulence in the industry due to the introduction of many changes in the service system leading up to 1 July 2023.
- Consultation with clients on the proposed transition of in-home CHSP services to *mecwacare* has been undertaken and the proposal has been well received by clients. Council staff contacted 98% of regular CHSP service users individually by phone and 1,144 property maintenance clients received an information pack. Only 2%, or 41 clients, indicated they would prefer to transition to a provider other than *mecwacare* if the proposal were to proceed. Seventeen of these clients (<1% of all clients) were against the proposal. The remaining 24 clients had either other arrangements in place or would like to be supported to access services from a different provider. Officers would support these clients to move to the provider of their choice before 30 June 2022, via My Aged Care. The most frequently reported feedback is that clients wish for a seamless transition to take place between the two providers.

It should be noted since 1 January 2022, six councils have resolved to exit CHSP services, bringing the total number of councils in Victoria to have publicly announced their exit from these services to 23. This also highlights another risk that with many more councils likely to exit CHSP over the coming months, Council could miss the opportunity to have a highly controlled transition for clients to a well-regarded not-for-profit provider with the capacity and expertise to take on all current Council CHSP clients should those clients agree.

- This proposal does not impact on the community-based aged care programs and services provided by Council. Council will continue to focus on and provide services unique to local government, and which are available to a far greater number of older people, including, but not limited to:
 - o Community Transport, including the municipal-wide community bus

- o Social Support group excursions and activities
 - o Library and Arts events
 - o Library at Home service for vulnerable and isolated people
 - o Funding support for seniors' centres and U3A's
 - o Recruitment of volunteers to support services for seniors
 - o Provision of grants to seniors' groups and programs
 - o Functional exercise and recreational programs
 - o Add Life to Your Years - Over 55's digital hub which lists all available activities in Boroondara
- By Council deciding to accept the proposed transition to the Australian Government's nominated provider from 1 July 2022, and not waiting until the introduction of the **Support at Home** program which will be fully commercialised and driven by consumer choice on 1 July 2023, clients will have the security of being serviced by a well-established local community provider which has the capacity and expertise to provide the full suite of aged care services. Additionally, if they so choose, CHSP clients will be able to remain with *mecwacare* after the introduction of **Support at Home**. These are important considerations as, when the Australian Government changes funding arrangements on 1 July 2023 to a system similar to the NDIS, it is expected there will be a degree of turbulence in the industry due to the introduction of many changes in the service system.

This report is informed by the staff consultation process, during which 61 directly impacted staff and 6 indirectly impacted staff (and their representatives) were consulted regarding the proposal and the potential impact to their role at Council.

Confidential information is contained in **Attachment 1**, as circulated in the confidential section of the agenda attachments, in accordance with Section 66(2)(a) and the definitions of 'confidential information' in Section 3(1) of the Local Government Act 2020. The information relates to Council business information, being information that would prejudice the Council's position in commercial negotiations if prematurely released.

The item has been included in the public agenda to facilitate transparency and accountability in Council's decision making.

If discussion of the confidential information in the attachments to this report is required in order for Council to make a decision, this item will be deferred to the confidential section of the agenda.

Officers' recommendation

The Officer's recommendation is that any Council resolution be made only on an in principle basis because there is a dispute between Council and the Australian Services Union about compliance with the consultation provisions in Council's enterprise agreement (with such dispute currently being before the Fair Work Commission).

That Council resolve (on an in principle basis) to:

1. Transition the in-home CHSP services of domestic assistance, personal care, respite care, meal preparation, property maintenance and property modifications, by 30 June 2022 to the Australian Government's nominated provider.
2. Work with the Australian Government and *mecwacare* to ensure the smooth transition of Council's current in-home CHSP clients by 30 June 2022.
3. Support any client not wishing to transition to *mecwacare* to transition to an alternative provider by 30 June 2022.

Responsible director: Carolyn McClean, Director Community Support

1. Purpose

On behalf of the Australian Government, Council is contracted to provide a range of in-home services including domestic assistance, personal care, respite care, meal preparation, property maintenance and property modifications. The purpose of this report is to present the results of the client consultation undertaken in relation to a proposal to transition clients receiving these services to an alternative provider as nominated by the Australian Government, by 30 June 2022, the end date of the current contract with the Australian Government. As 98 percent of clients support the proposed transition, this report seeks an in principle Council resolution to transition these specific CHSP program components to the Australian Government's nominated provider.

The proposed transition of these program components to a provider who is registered with the CHSP for all of these program components and who possesses the expertise and capacity to accept all of the current CHSP clients will ensure client continuity of care during an imminent period of substantial and rapid change to the provision of community aged care in Australia resulting from the Australian Government's aged care reforms.

2. Policy implications and relevance to community plan and council plan

Boroondara Community Plan (BCP) 2021-31

The relevant strategic objectives of the BCP are:

Strategic Objective 1

Community services and facilities are high quality, sustainable, inclusive and strengthen resilience.

- Strategy 1.2 has the objective to deliver, facilitate and advocate for services and programs which are accessible and affordable.

Strategic Objective 7

Ensure decisions are financially and socially responsible through transparent and ethical processes.

Add life to your years - Healthy Ageing in Boroondara

Council's commitment to an age-friendly future:

- Council is committed to ongoing engagement with our community and will always endeavour to represent the diverse views of our community in our policy and planning process.
- We will strive to be responsive to the changing needs of over 55s in Boroondara to ensure the community has every opportunity to Add Life to their years.

3. Background

The Commonwealth Home Support Program (CHSP) is an 'entry-level' program designed to provide low levels of support to eligible older people to aid independence and safety within the community and at home. Council is contracted by the Australian Government to provide CHSP services including domestic assistance, personal care, respite care, property maintenance and modifications, social support (community-based group activities and excursions) and community transport (group and individual transport) in

Boroondara. Approximately 959 older people use these services regularly and an additional 1,144 people access ad hoc property maintenance services. Overall, the number of service users represents approximately 9% of older people living in Boroondara. The current contract with the Australian Government expires on 30 June 2022.

As a consequence of ongoing Australian Government aged care reforms, local government is no longer the exclusive provider of community aged care. In July 2016, local government ceased being the entry point for aged care services and all Victorians wanting to access Australian Government funded aged care services are required to register with *My Aged Care*. As a result, in addition to Council, there are now 24 other providers contracted to deliver CHSP services in Boroondara, which has led to a 40% decline in service usage over the past five years.

In response to the Aged Care Royal Commission Final Report released in March 2021, the Australian Government announced in January 2022 it will create a single **Support at Home** program to be introduced 1 July 2023. This will replace the CHSP, and see it combined with the Home Care Packages (HCP) Program, Short-Term Restorative Care (STRC) Program, and residential respite programs.

The **Support at Home** program will place greater emphasis on the unique needs and circumstances of individuals to support them to remain living independently for longer. Providers will need to flexibly deliver a wider range of services based on an individual's needs, rather than the current fixed suite of services which is the basis of the CHSP. **Support at Home** providers will need to be in the position to accept aged care clients who have varying complexity of needs, which will range from clients with low level to high level care needs. Clients with higher care needs will require appropriate clinical support to ensure duty of care is appropriately exercised for clients' needs. This will require specialist services such as occupational therapy, physiotherapy, nursing support and the provision of technologies to help with day-to-day activities. Council only provides services to clients with low level needs and does not have expertise or experience to deliver to clients with high care needs. Should Council approve this proposed transition, the provider nominated by the Australian Government has the expertise and personnel to be able to provide services for all levels of aged care clients' needs.

Under Council's current contract with the Australian Government, all CHSP services are *block-funded*, meaning funds are pre-paid to providers for the delivery of a specific number of hours of service. The recommendation to move CHSP funding for in-home services to an individualised funding model (excluding Transport and Social Support programs), whereby consumers are funded directly and can purchase their supports from any registered provider, would signal the introduction of a commercialised market and Council would be required to compete for market share.

The subsidy which Council pays towards the operational costs of CHSP could be seen as anti-competitive when the fully commercialised **Support at Home** program commences from 1 July 2023 and, as such, Council risks breaching the National Competition Policy (NCP). Competitive Neutrality is an NCP instrument designed to prevent government subsidising services to gain a competitive edge against other providers in the community. The current Council subsidy could be seen to undercut both community and private providers and, in this case, Council may be viewed as acting in bad faith, inviting complaints to

Better Regulation Victoria (BRV). Although BRV cannot impose any statutory obligations on Council, continuing to subsidise CHSP may be deemed a breach of the National Competition Policy (NCP) and any complaint may result in reputational damage to Council.

Transitioning CHSP clients to a specialist aged care provider means residents will enjoy the same service which provides a greater continuum of care with a dedicated aged care service provider, as clients' needs increase with age. Further, a dedicated aged care service provider can provide additional and more specialised services to clients which Council does not have core expertise in delivering, such as allied health services and nursing.

The Australian Government's new **Support at Home** program makes continued delivery of in-home CHSP services untenable for Council as Council does not have the capacity nor the expertise or skill base to deliver the range of personalised services expected to be available to clients under the new **Support at Home** program.

To date, 23 councils have exited, or have announced plans to exit the delivery of some, or all, CHSP services by 30 June 2022.

To assist Council's decision-making and enable meaningful consultation with CHSP clients on the potential transition of in-home CHSP services to an alternative provider, a request was made of the Australian Government to identify a potential suitable alternative provider. Following a due diligence process, the Australian Government identified *mecwacare*, a local not-for-profit aged care provider who has provided care to the Victorian community since 1959, as the potential new provider.

4. Outline of key issues/options

Delaying the proposed transition in-home CHSP services until 1 July 2023 will jeopardise the continuity of care for clients as a bulk transfer of CHSP clients would no longer be possible and Council would be unable to recommend a provider to clients as the sector moves to a fully commercialised model. Furthermore, we would be unable to provide a careful and considered handover of CHSP clients to the alternative provider. Any delay would reduce the likelihood of a seamless transition and certainty into the future for CHSP clients, as it is expected there will be a degree of turbulence in the industry due to the introduction of many changes in the service system leading up to 1 July 2023, the same as what has occurred with the NDIS.

By Council deciding to accept the proposed transition of services from 1 July 2022 to *mecwacare*, and not waiting until the introduction of **Support at Home** which will be fully commercialised and driven by consumer choice on 1 July 2023, CHSP clients will have the security of being serviced by a well-established, local community provider which offers the full suite of aged care services, and, if they so choose, will be able to remain with *mecwacare* after the introduction of **Support at Home**.

In deciding not to proceed with the proposal to transition CHSP clients at this time, and instead waiting until the CHSP is decommissioned on 30 June 2023, Council would lose the opportunity to influence and manage the transition process to ensure a smooth and uninterrupted experience for clients. Instead, CHSP clients would be part of a national transition and Council would not have the funding to support the transition process. Essentially, once Council's

contract ends on 30 June 2023, clients would be left to fend for themselves, having to secure a new provider without the support of Council.

Consultation with CHSP clients on the proposed transition of in-home CHSP services to *mecwacare* has been undertaken and the proposal has been well received by clients. 98% of regular CHSP service users were individually contacted by phone and 1,144 property maintenance clients received an information pack outlining the proposal. Only 2%, or 41 CHSP clients, indicated they would prefer to transition to a provider other than *mecwacare* if the proposal were to proceed. Of these clients, 17 (<1% of all clients) were against the proposal. The remaining 24 clients had either other arrangements in place or would like to be supported to a different provider. Officers would support these clients to move to the provider of their choice before 30 June 2022, via My Aged Care.

The most frequently reported feedback is that clients wish for a seamless transition to take place between the two providers. In addressing this feedback, and with client consent, Council could provide *mecwacare* with all relevant care plan details and service schedule information to ensure services meet the needs of each individual, at the time which suits them best. Shadow shifts, where a Council carer works alongside a *mecwacare* carer to demonstrate how to best support the client, would be provided to any client who requests this additional support.

It should also be noted since 1 January 2022, six councils have resolved to exit CHSP services, bringing the total number of councils in Victoria to have publicly announced their exit from these services to 23. This also highlights another risk that with many more councils likely to exit the CHSP over the coming months, Council could miss the opportunity to have a highly controlled transition for clients to a well-regarded not-for-profit provider with the capacity and expertise to take on all current Council CHSP clients.

This proposal does not impact on the community-based aged care programs and services provided by Council. Council will continue to focus on and provide services which are unique to local government, and which are available to a far greater number of older people, including, but not limited to:

- Community Transport, including the municipal-wide community bus
- Social Support group excursions and activities
- Library and Arts events
- Library at Home service for vulnerable and isolated people
- Funding support for seniors' centres and U3A's
- Recruitment of volunteers to support services for seniors
- Provision of grants to seniors' groups and programs
- Functional exercise and recreational programs
- Add Life to Your Years - Over 55's digital hub which lists all available activities in Boroondara.

5. Consultation/communication

All clients in receipt of in-home CHSP services were consulted on the proposal to transition their services to *mecwacare*. The client consultation period extended from 22 February until 8 March 2022.

Overall, the proposal to transition in home CHSP services to *mecwacare* was well received by clients, with most concerns raised by clients allayed during the conversation with Council's Active Ageing officers.

The 1,144 Clients in receipt of ad hoc property maintenance, with no other services, were invited to contact the consultation team to provide feedback on the proposal. A total of 12 clients opted to provide feedback, all of whom valued the additional services offered by *mecwacare* and none had concerns with the proposal. It was noted that *mecwacare* has more capacity and a greater skill base to provide a broader scope of property maintenance services to clients than Council.

All 959 regular service users received an information pack in the mail. A total of 937 CHSP clients (98%) were able to be individually contacted by the consultation team to ensure they understood the proposal, received answers to any questions and record their feedback.

Clients most wanted to know if *mecwacare*'s fees would be higher (35%) and were reassured *mecwacare*'s fees were lower for 99.4% of clients. Those clients who would be subject to a higher rate with *mecwacare*, were informed during consultation and none expressed concern with the increase in fees.

Clients also wanted to know if *mecwacare* would be able to provide a regular carer (34%) and were reassured *mecwacare* will strive to identify a suitable regular carer for all clients based on their preferences (ie. personality, gender and/or CALD backgrounds), as is the case at Council, and roster these carers on a regular basis.

By far the most important matter raised by clients was the need for a seamless transition of services. Clients are keen to have no gap in service when transitioning from Council to *mecwacare* (61%) and many are keen to have their service on the same day and at the same time (46%) they receive their current service from Council.

Forty-one CHSP clients (2% of all clients) indicated they would prefer to transition to a provider other than *mecwacare* if the proposal were to proceed. Of these clients 17 (<1% of all clients), were firmly against the proposal. Officers would support these clients to move to the provider of their choice before 30 June 2022, via My Aged Care.

Subject to any further Council resolution, further communications will be provided to Council's CHSP clients. This is further discussed in the confidential attachment (Attachment 1).

6. Financial and resource implications

Potential transition costs are able to be met in Council's budget parameters, however, cost considerations are not key drivers for Council's decision making. Ensuring clients' continuity of care is key in the face of Council not being able to be a provider of Support at Home.

This is further discussed in the confidential attachment (Attachment 1).

7. Governance issues

The implications of this report have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities, particularly those rights associated with respect, equality, and dignity. The approach suggested by officers, which is designed to minimise disruption to

some of the more vulnerable members of our community, is considered to best respect their rights under the Charter.

The officers responsible for this report have no general or material interests requiring disclosure.

8. Social and environmental issues

Boroondara is well serviced by private and not-for-profit aged care service providers. In addition to Council, there are now 24 CHSP providers in Boroondara, and more than 170 other in-home care providers delivering services within the municipality.

Council withdrawing from in-home aged care will not reduce the availability of CHSP services in Boroondara or change the process for accessing these services.

9. Conclusion

By Council accepting the in principle proposal to transition CHSP clients to the Australian Government's nominated provider, and not waiting until the introduction of the **Support at Home** program which will be consumer driven and fully commercialised on 1 July 2023, clients will have the security of being serviced by a well-established local community provider which has the capacity and expertise to provide the full suite of aged care services. This is an important consideration as when the Australian Government changes funding arrangements on 1 July 2023 to a system similar to the NDIS, it is expected there will be a degree of turbulence in the industry due to the introduction of many changes in the service system.

Manager: Nick Lund, Manager Liveable Communities

Report officer: Michelle Forster, Active Ageing Lead