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REPORT FOR:	Council		
MEETING DATE:	14 May 2019		
REPORT FROM:	Director – Corporate and Community Services		
REPORT TITLE:	Results of Second Call for Expressions of Interest - 6 High Street Port Augusta (Miriam High Special Needs Centre)		
FILE NAME:	F17/217	RECORD NO:	AR19/16978

COMMUNITY VISION & STRATEGIC PLAN OUTCOMES

4 We Care

- 4.1 Encourage and support our community to care for themselves and for each other.
- 4.2 Facilitate services and develop partnerships to enable appropriate care for people in our communities.

6 We Achieve

- 6.5 We use and manage our financial resources in the best interests of our community, and to ensure financial sustainability and organisational efficiency now and into the future.

PURPOSE

The purpose of this report is to provide Council with the results of the second call for Expressions of Interest for the 6 High Street, Port Augusta (Miriam High Special Needs Centre).

RECOMMENDATION

Council:

1. Concludes the second Expression of Interest process for Miriam High Special Needs Centre noting responses from interested parties.
2. Advises existing staff and families utilising the Miriam High Special Needs Centre of the impending closure, works with families to transition to an alternative service and cease to take new enrolments at the Centre.
3. Notes development of a the 'transition plan' including a communication strategy (attachment 1)

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BACKGROUND

At a Council meeting held on 23 April 2018, Council resolved:

1. Approves calling for Expressions of Interest in relation to Miriam High Special Needs Centre with responses to include commentary in relation to:
 - a. Retention of the current philosophy of the Centre;
 - b. Preference for purchase or lease arrangement;
 - c. Use of the hydrotherapy pool by community;
 - d. Potential interest in the Port Augusta Childcare Centre;
 - e. Retention of majority of staff
2. Delegates authority to the CEO and Director Corporate & Community Services to appoint a suitably qualified external contractor to effectively manage the Expression of Interest process.
3. Supports informing staff and families of both the Miriam High Special Needs Centre and the Port Augusta Childcare Centre of the progress of the EOI process.
4. Receives a report detailing responses to the Expressions of Interest to determine next steps.

Following the Council resolution in April 2018, quotations were sought from suitably qualified consultants for the provision of divestment support in accordance with Council's Purchasing, Contracts & Tendering Policy (1.1.09). Subsequently, Council appointed Ansell Strategic in late May 2018 to undertake the divestment process.

Following appointment, Ansell Strategic worked with Council to further understand the strategic objectives and desired outcomes of the divestment process. This included a site visit to Port Augusta, a meeting with the author of the report on the viability of the Miriam High Special Needs Centre under the NDIS, and initial meetings with potential interested parties.

A comprehensive Information Memorandum was then developed with sufficient detail to provide an overview to prospective operators of the Miriam Special Needs Centre, historic trading results, capture its long term business value and the conditions of a sale/lease. It also presented key features of the business and its advantages to potential operators and prospective buyers.

The call for Expressions of Interest was advertised in the Transcontinental on 11 July 2018, the Advertiser over a 4 week period commencing 14 July 2018 as well as e-mailed directly to identified disability organisations, with responses due by 10 August 2018.

Whilst responses were received from four organisations, these responses did not translate into non-binding indicative offers.

At the Council meeting on 24th September 2018, it was resolved to continue discussions with all four interested parties, with a further report to be submitted to the new Council following conclusion of Local Government Elections.

A further report was tabled to Council on 22nd January 2019, with Council resolving to:

1. Concludes the current Expression of Interest process noting that no formal offers have been received from interested parties.
2. Commences a new Expression of Interest process in relation to Miriam High Special Needs Centre in February 2019.

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DISCUSSION

As per the Council resolution from 22nd January 2019, a second call for Expressions of Interest was undertaken.

Advertisements were placed in *The Advertiser* newspaper, Transcontinental newspaper, Council's social media and Council's website. The advertisement was also e-mailed directly to a list of key stakeholders within South Australia.

Interested parties were requested to make contact to receive an updated Information Memorandum in relation to the process.

The second call for Expressions of Interest in relation to 6 High Street, Port Augusta (Miriam High Special Needs Centre) closed on 29th March 2019.

The Information Memorandum was requested by 6 parties:

- Country Health Physiotherapy
- Novita
- Spencer Property Group
- APS Built
- Aboriginal Drug & Alcohol Council (ADAC)
- Sam Parnanzini (24/7 Performance & Fitness)

As at the closing time of 5pm Friday 29th March 2019, only one official response had been received; from Country Health Physiotherapy.

Key information from the response is as follows:

- Continue to provide high quality physiotherapy and related services to the community.
- Does not intend to employ the existing staff of Miriam High Special Needs Centre.
- Definitely provide access to the community for use of the hydrotherapy spa
- Port Augusta Physiotherapy Service is registered with the NDIS as a service provider and works with children and adults. Registration covers the Early Intervention support for early childhood (under 6 years of age) and Therapeutic Support Services.
- Financial offer is 'subject to negotiation'
- Offer relates to purchase of the property, not the current business model. Plant and equipment may be negotiable.

Novita was contacted to check if a submission had been made as no submission could be located in records. Information was provided as follows:

- Novita did not make a submission as it did not receive any guidance from Council as to what would be considered an innovative solution (note the Information Memorandum was provided to Novita but it was not considered a Council officer's role to provide guidance on what would be an acceptable innovative solution as this would be outside of the procurement process)
- Noting board approval would need to be sought for any proposal

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- Novita to purchase Miriam High Special Needs Centre for \$1.00
- Novita would commit to providing disability services from the facility and into the wider community for a minimum of 5 years.
- The Council would provide no restrictions (staff or services) and Novita would ask for no support other than waiver of council rates).
- Novita would investigate keeping the hydrotherapy pool available to the wider community and there would need to be a broader discussion with the Council.

It should be noted that technically the above proposal was received after the EOI closing date of 5pm Friday 29th March 2019.

Availability of Staffing

One long term staff member, Guy Skillen, has retired since January 2019. This has left two casual staff supporting children to attend, with one other providing relief. The Manager and admin officer also provide support to the children as required. Other casual staff engaged at the Centre include cleaners and hydrotherapy spa maintenance

If the Centre was to cease operation, under Award and EB conditions the Manager is the only permanent long term staff member that may need to be redeployed within Council.

Availability of non NDIS funding sources

Council has not received any funding from the Ministerial Advisory Committee: Students With Disabilities (MAC:SWD) in 2019. Due to the reduction in numbers of children accessing Miriam High Special Needs Centre, the committee is considering its position. A decision is expected in the very near future.

In previous years, the Centre has received \$70,000 per calendar year to support children not eligible for other funding sources to attend the Centre. The loss of this funding in 2019 will severely impact on the viability of the Centre, in particular the ability to provide a service to children who are not able to be funded through the NDIS.

The HACC School Holiday program funding of \$51,553 per annum (2018/19 amount) is in place until 30th June 2019. The Department for Human Services is currently reviewing funding levels from 1st July 2019 and awaiting the outcome of this report to Council. It is highly unlikely that the current funding level would continue in 2019/20 due to the significant reduction in the number of children attending.

Numbers of children attending the Centre

The number of children attending the Centre has reduced since January 2019 when over half of the children commenced School. Four other children enrolled left Port Augusta during Term 1 of 2019. With the drop in the number of children attending, an operational decision was made to only operate the Centre for 3 days per week to reduce costs. The Centre currently has 9 children enrolled, with only 7 children regularly attending each week (average 3 each day on Wednesday, Thursday, Friday only) Of the 7 children regularly attending, only 3 children are currently receiving funding through the NDIS.

Current usage of the Centre is as follows:

Child H K NDIA funded - 1 session per week (3.5 hours at \$46.50 per hour during school terms and \$42.59 per hour during school holidays)

Child O P, NDIA funded - 2 sessions per week (7 hours at \$46.50 per hour during school terms. Not funded to attend in school holidays)

Child C R, NDIA funded – 2 sessions per week (7 hours at \$46.50 per hour during school terms. Not funded to attend in school holidays at this time)

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Child S S, not externally funded – 1 session per week (3.5 hours)

Child J M – not externally funded - 1 session per week (3.5 hours)

Child N T – not externally funded – attends 1 session per week (3.5 hours)

Child T G – not externally funded – attends 1 session per week (3.5 hours)

In summary, there are only 3 children currently funded through the NDIS to attend Miriam High Special Needs Centre during school term periods. This leaves the Centre in a financially unviable position.

Division of Boundaries

Investigations undertaken in 2018 as part of the divestment process revealed that Port Augusta Childcare Centre outdoor areas had encroached on the parcels of land relating to Miriam High Special Needs Centre.

Council has engaged a contractor to undertake a land division of the sites to enable a division of the assets. This work is progressing with building fire safety regulations currently being considered.

Options

At this stage, Council has several options available:

Option 1 – continue to operate the Centre acknowledging the considerable increase to deficit funding that is likely to be required in the 2019/20 financial year and potentially beyond.

Option 2 – cease operation of the Miriam High Special Needs program as at 30th June 2019 and lease the building to a third party. This option does not reduce liability in terms of depreciation and building asset management. However, there may be revenue from lease arrangements.

Option 3 – cease operation of the Miriam High Special Needs program as at 30th June 2019 and advertise the building for sale via public auction. This option would remove the building from Council's asset register, remove depreciation and building asset management from Council's long term financial plan and potentially gain sale proceeds.

CONFIDENTIALITY PROVISIONS

Council is satisfied that, pursuant to Section 90(3)(d) of the Act, the information to be received, discussed or considered in relation to this agenda item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business, or proposing to conduct business, or would prejudice the commercial position of the Council.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information. The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in circumstances because the release of third party commercial-in-confidence details prior to Council completing negotiations would be detrimental to the outcome for the Council and community.

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That having considered report AR19/16978 in confidence under Section 90(2) & 3(d) of the Local Government Act 1999, the Council, pursuant to Section 91(7) of the Act orders that the report, discussions and minutes concerning this agenda item, be retained in confidence until a divestment process is finalised, and that the order be reviewed every 12 months.

RISK MANAGEMENT

1: Financial/Budget/Asset Management

Financial information regarding Miriam High Special Needs Centre is available in the 2018/2019 Annual Business Plan & Budget.

If funding for the Centre is not available through external sources, the current expenditure of \$334,700 would need to be fully funded by Council through rate revenue. This equates to a rate increase of approximately 2%

A community engagement plan is to be scoped and costed.

The draft 2019/2020 Annual Business Plan and Budget has been modelled based on a pending closure date of 30th September 2019.

2: Legal/Policy

As per above, a sub-division will need to occur to ensure that the boundary alignment of Miriam High Special Needs Centre incorporates existing structures relevant to the Centre.

3: Environment/Planning

Not applicable.

4: Community

4.1 General

It is acknowledged that this will be a very emotive issue within the community as the Miriam High Special Needs Centre has a long and proud history in Port Augusta. Engagement with the community on this issue will be imperative. A community engagement plan will be developed.

4.2 Aboriginal Community Consultation

N/A

ANNE O'REILLY

26/04/2019

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Miriam High Special Needs Centre Transition Out Plan

Miriam High Special Needs Centre

The purpose of the transition out plan is to detail a plan to transition towards closure of the Miriam High Special Needs Centre.

Part One

1.1 Organisation details

Organisation Name	Corporation of the City of Port Augusta
Program	Miriam High Special Needs Centre
Service Outlet Address	6 High Street Port Augusta
Phone/ Fax numbers	(08) 8641 9158 Fax (08) 8642 3545
Organisation's Transition Liaison Officer	Anne O'Reilly, Director Corporate & Community Services
Email	specialneeds@portaugusta.sa.gov.au
Postal Address	PO Box 1704 Port Augusta SA 5700

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Miriam High Special Needs Centre Transition Out Plan

1.2 Service description

Miriam High Special Needs Centre is a program for children aged 0 to 6 years (up to 9 years during school holiday program) with a disability and/or developmental delay.

The Centre is currently open Wednesday, Thursday and Friday of each week with children attending sessions between 9am and 12.30pm on those days.

The Centre's hydrotherapy spa is currently available to the public, including physiotherapy businesses between 1pm and 4pm Wednesday, Thursday and Friday.

Staff at Miriam High Special Needs Centre are employed by the Port Augusta City Council. Council provides support for financial and administrative functions including payroll, accounts payable and receivable, financial reporting and auditing.

Policies and Procedures specific to Miriam High Special Needs Centre are located in hard copy at the Centre as well as electronically through Council's electronic document record management system.

Port Augusta City Council's Policy Manuals are accessible through Council's website at www.portaugusta.sa.gov.au click on the heading "The Council" and then select "Council Documents" from the drop down menu.

Port Augusta City Council's Policies and Procedures are also available through Council's intranet.

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Miriam High Special Needs Centre Transition Out Plan

1.3 Timeframe and activities for transition and associated communications

The table below provides an example of a starting point for a transition timeframe. Please note that this is a **guide only** and should be adapted to include **more** information if necessary.

Weeks from transition	Activity (Example only)	Person responsible	Action/communication (Example only)	Comments/status
At commencement of process	Liaise with Council's HR Coordinator regarding potential industrial issues/enquiries and seek legal advice as identified.	Director Community Services//HR Coordinator	Seek legal advice regarding redundancy clauses. Contact relevant unions	
Prior to Council decision	Draft Communication Strategy:	Director Corporate & Community Services	Draft letters for currently enrolled families and staff to enable timely advice Draft Infographics page around key messages: <ul style="list-style-type: none">• Significant drop in numbers attending• Reduction in funding• Families choosing other NDIS providers• No new referrals• Other services available – DECD Pre-school IPP program from 3 years of age, Port Augusta Childcare Centre, Port Augusta Children's Centre, other disability service providers.	

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			Draft media release Discussion with potential community advocates regarding key messages.	
Prior to agenda being published	Speak directly to Mrs Miriam High, staff and currently enrolled families of pending report. Provide infographic document.	Director Corporate & Community Services/MHSNC Manager	Contact Mrs Miriam High, current staff and current families to advise of report. Provide copy of infographic. Make clear to staff and families that it is a Council decision so nothing is final until resolution made.	
Immediately after Council decision	Contact Staff and currently enrolled Families to advise of Council decision	Director Corporate & Community Services/MHSNC Manager	Provide hard copy letter to staff and families advising decision, key dates and transition process. Support families to enrol with Port Augusta Childcare Centre, Port Augusta Children's Centre or other service providers depending on needs of child, NDIS funding and family requests. Ensure a Counsellor is available for staff Staff include Manager, casual Admin Assistant, casual Therapy Aides, casual Cleaners, casual spa maintenance.	
Immediately after Council decision	Action Communication Strategy	Director Corporate & Community Services	Media Briefing/Media Release Infographics page Date/Time/Venue and e-mail to respond to direct questions from community. Covering letter & infographic document to be uploaded to website.	

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Miriam High Special Needs Centre Transition Out Plan

			Information to be placed on facebook with link to website	
As soon as possible after Council decision	Advise key stakeholders of Council decision to close.	Director, Corporate & Community Services	<p>Key stakeholders include:</p> <ul style="list-style-type: none"> • Mrs Miriam High • NDIS • MAC:SWD • Dept Human Services (Vince Raschella - HACC funding) • Port Augusta Childcare Centre • Port Augusta Children's Centre • 'Soapbox' network • Country Health Connect • Northern Paediatric Unit • Pika Wiya Health Service • Therapists that visit the Centre • Hydrotherapy spa users • Security • Federal & State Local MPs 	
As soon as possible after	Advise Council's insurers of impending closure	Director Corporate & Community Services	Contact Adam Jones, Account Manager at LGRS.	

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Miriam High Special Needs Centre Transition Out Plan

Council decision			Update insurances for public liability, income protection, workers compensation etc.	
As soon as possible after Council decision	Discuss transition arrangements with key staff of Miriam High Special Needs Centre with delegated authority.	Director Corporate & Community Services	Speak to staff regarding conditions relating to: Purchase of goods Entering into contracts/agreements Accepting new clients	
	Advise Council's IT Manager regarding transition process/key dates for removal of IT requirements including software, network infrastructure, relocation of photocopier	Director Corporate & Community Services/IT Manager	IT Manager to develop transition out sub-plan specific to IT	
	Advise Council's Records Manager regarding transition process/key dates for removal of records.	Director Corporate & Community Services/Records Manager	Records Manager to develop transition out sub-plan specific to Records to include transfer of records from site to Council, sentencing requirements,.	
	Advise Council's Payroll Officer regarding transition process/key dates	Director Corporate & Community Services/Payroll Officer	Payroll Officer to develop transition out sub-plan specific to Payroll (to include calculation & transfer of leave liabilities, processes relating to termination of employment , answer queries regarding termination, superannuation etc) Statewide Super to be contacted to respond to specific queries.	
	Advise Council's Accounts Payable officer regarding transition process/key dates	Director Corporate & Community Services/Accounts	Message to be placed on remittance advices "Please note that Miriam High Special Needs Centre will close as at". Council will not be responsible for	

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Miriam High Special Needs Centre Transition Out Plan

		Payable Officer	purchases made after that date"	
	Commence clear out of consumables. Transfer items to other areas of Council where possible.	Manager MHSNC & Staff	Arrangements to be made to return items owned by third parties as soon as possible. Some items may be useful for Port Augusta Childcare Centre. Other items may need to be earmarked for sale or disposed of. Asset register to be updated accordingly.	
	Advise Council's Contracts & Events Officer regarding transition process/key dates for transition process/key dates	Director Corporate & Community Services/Contracts & Events Officer	Contracts & Events Officer to review existing Council contracts for termination clauses or amendments. Drafted letter to be sent to contractors advising of termination date or amendments.	
	Brief Staff involved in communicating with clients/ carers regarding transfer of services and address issues of concern.	MHSNC Manager & Staff		
As soon as possible after Council decision	Director Corporate & Community Services to advise Financial Accountant of pending closure of business unit/key dates and potential sale process.	Director Corporate & Community Services.	Financial Accountant to seek advice from Galpins (Auditor) regarding any requirements for financial statements.	
Within 4 weeks of closure	Continue packing and finalise arrangements for transport/delivery of consumables to be transferred.	MHSNC Manager		

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Miriam High Special Needs Centre Transition Out Plan

	Finalise payroll and HR arrangements for staff	Director Corporate & Community Services/Payroll Officer/HR Coordinator	Ensure staff have received letters advising of arrangements.	
	Host farewell function for staff & families	Director Corporate & Community Services / MHSNC Manager	Invite Mrs Miriam High, past & current staff, past & current families to a morning tea.	
	Records Transfers	Records Coordinator/MHSNC Manager	Make arrangements for transfer of hard copy records to Council for sentencing	
	Letter to families explaining arrangements for payment of final account and reimbursement of credit balances if applicable.	Accounts Receivable		
	Place signage on door advising of closure date and alternative contact numbers (NDIS, Civic Centre)	MHSNC Manager		
	Remove purchase order books and return to Civic Centre.	Director Corporate & Community Services		
Week prior to closure	Ensure statistical information, NDIS claims are up to date	MHSNC Manager		
	Collect petty cash, BP Fuel Cards, Coles Card	Financial Accountant		
Immediately after closure	Place 'Out of Office' message on e-mail addresses and voice message on telephone. Remove from site hard copy records	MHSNC Manager Records Coordinator		

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Miriam High Special Needs Centre Transition Out Plan

	Remove IT equipment and take copies of computer hard drives. Collect used and unused receipt books, vehicle keys, vehicle log books, obtain car mileages	IT Manager Financial Accountant		
	Update NDIS registration on portal	Director Corporate & Community Services		
	Update Council website to advise of closure of program	Director Corporate & Community Services/IT Staff		
	Update Council policies and documents that make reference to the Miriam High Special Needs Centre	various	Business Continuity Plan Purchasing, Contracts & Tendering policy WHS plan Child Protection policies Organisational Structure	
	Complete final NDIS payment claim. Collate final statistical data for funding agreements.	MHSNC Manager		
Post Transition	Ensure NDIS Portal and other relevant sites have amended information.			

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Miriam High Special Needs Centre Transition Out Plan

	Follow up outstanding debtors & ensure payment arrangements are in place.			
	Financial Accountant to update relevant Council financial documents	Financial Accountant	Amend Council's Asset Register. Amend Council's Depreciation Schedule Update Council's Long Term Financial Plan	

*In consultation with Commonwealth Liaison officer.

1.4 Continuity of care forwarding arrangements

Please provide details of arrangements for forwarding enquiries from public/ clients in the event of the transition out of service delivery.

Information will be placed on Council's website under the 'Miriam High Special Needs Centre' section advising of closure of the program and referring clients/carers to NDIS

Signage will be placed on entrance doors advising of the closure of the program and providing alternative contact details and arrangements.

1.5 Additional information

Please include any additional information that you consider is relevant to the situation.

Staffing Arrangements

Staff of Miriam High Special Needs Centre are employed in accordance with the Municipal Salaried Officers Award and the Port Augusta City Council's ASU Enterprise Bargaining Agreement, the SAET Caretakers and Cleaners Award and the AWU Enterprise Bargaining Agreement.

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Miriam High Special Needs Centre Transition Out Plan

Staff arrangements will be based on award conditions. Casual staff may seek employment within Council at other internal locations if positions are advertised prior to closure. Permanent full time staff may be offered employment elsewhere within Council as per EB Agreement.

Information and Records

Port Augusta City Council's records are maintained as per the State Records Act 1997. Any request for transfer of information will need to be considered on its merits in accordance with Freedom of Information and Privacy legislation as well as Council's Records Management and Privacy Policies.

Transfer of relevant personal information to another service provider may only occur if the client has given consent.

Assets

Assets as listed on Council's assets register for Miriam High Special Needs Centre will be updated to the new provider at the date of settlement.