

CONFIDENTIAL REPORT



REPORT FOR:	Special Council Meeting		
MEETING DATE:	14 November 2016		
REPORT FROM:	Director Community Services		
REPORT TITLE:	Confidential Update – Aged Care Sale Process		
FILE NAME:	F10/2812	RECORD NO:	AR16/46128

COMMUNITY VISION & STRATEGIC PLAN OBJECTIVE/S

1 We Thrive

1.3 We use and manage our financial and physical resources in the best interests of our community, now and for the future.

4 We Care

4.2 Facilitate services and develop partnerships to enable appropriate care for people in our communities.

PURPOSE

To provide an update to Elected Members regarding the Aged Care sale process in relation to Council's decision to sell its residential aged care facilities and seek endorsement from Council to move to the due diligence stage of the process.

RECOMMENDATION

Council:

1. Endorses the Chief Executive Officer, Director Community Services, Director City & Cultural Services and Manager, Strategy & Outcomes proceeding to due diligence with both Helping Hand Aged Care and Edenfield Family Care as recommended by Ansell Strategic with a further report provided to Council following submission of final offers.

BACKGROUND

At a Council meeting on 23rd May 2016, Council resolved:

To sell Nerrilda Nursing Home and AM Ramsay Village with caveats to include:

- retain or exceed existing service quality
- retain the bed licences actively in Port Augusta
- protect the rights of existing residents (security of tenure)
- retain the majority of staff

- maintain access for low income people (the minimum mandated supported resident ratio for the region is 27.5%), and
 - achieve nil or minimal residual debt.
2. Develops a comprehensive communication strategy for the community and key stakeholders.
 3. Develops an action plan to move promptly to plan, implement, monitor and evaluate the sale strategy, addressing the project's critical success factors.
 4. Delegates authority to the CEO and Director Community Services to appoint suitably qualified external contractor to effectively manage the sale process including consultation with the State Government regarding the Nerrilda Nursing Home land and liaison with the Department of Health regarding capital grants and transfer of bed places as per Council's 'Purchasing, Contracts & Tendering' policy.
 5. Develops an indicative budget plan for the sale (costs, revenue, net proceeds).
 6. Develops a comprehensive risk management strategy, and
 7. Develops a stratagem to initiate operational financial reforms at Nerrilda Nursing Home and AM Ramsay Village in the event of a delay in concluding a sale agreement within a reasonable timeframe (this intervention would operate in parallel with the sale strategy).
 8. Receives a further report regarding future operation of Council's Community Home Support Programs (Health Focus and Men's Shed) in the context of the sale arrangements.

DISCUSSION

Members would be aware that Ansell Strategic were engaged to support Council with the sale process. Representatives from Ansell Strategic were on site at Nerrilda and Ramsay Village on Friday 12 August 2016 to interview key staff and gather information in relation to the facilities' operations. This was followed by several weeks of discussion and information gathering to enable an 'Information Memorandum' to be prepared providing substantial information to interested parties to enable a clear decision on interest to be made. This Information Memorandum also clearly stated Council's conditions as well as a 'Returnables Schedule' for bidders to complete.

Expressions of interest for the submission of non-binding indicative offers were advertised in the Financial Review and Adelaide Advertiser on 6th and 8th October 2016 respectively. Ansell Strategic also sent information to their extensive data base of existing clients regarding the expression of interest.

A number of providers made contact with Ansell Strategic seeking clarification of information during the process. Expressions of interest closed on 4th November 2016. Two non-binding indicative offers were received. An analysis of bids is attached for members' information.

Ansell Strategic have advised that background checks have been made on both interested parties.

Whilst at this stage it is evident that Council's preferred bidder is Helping Hand Aged Care, Ansell Strategic have recommended that Council move to due diligence with both parties as either party could withdraw interest at any stage of the process. This recommendation was also reinforced by O'Loughlin's Lawyers who have been engaged to assist with preparation of legal agreements associated with the sale process.

The project timeline includes the following proposed milestones:

- Shortlisting of parties to proceed to due diligence – mid November 2016
- Due Diligence – closing mid December 2016
- Submission of Final Offers – late December 2016
- Assessment and evaluation of final bids – early January 2017
- Council selection of preferred purchaser – January 2017
- Transition process – January 2017 – April 2017

A further report will be provided to Council in January 2017 following submission of final offers in late December 2016 for Council to make a final decision regarding the sale of the facilities.

CONFIDENTIALITY PROVISIONS

n/a

RISK MANAGEMENT

1: Financial/Budget

Financial implications have been set out in previous reports.

2: Legal

Legal advice is being sought in relation to the sale process.

3: Environment

n/a

4: Community

4.1 General

Port Augusta, as with the rest of the nation is an ageing community. The key reason to consider future options is to ensure that the needs of the community of Port Augusta are met and that our residents receive the best quality aged care outcomes into the future.

It is acknowledged that the local community made a significant contribution to the construction of Nerrilda Nursing Home and is cognisant of potential negative reaction of the community to any change of operations.

Port Augusta needs a continuum of care available to older people to attract new community members and retain existing community members as they transition through retirement.

The State of Ageing in S.A. report (2009) includes key policy implications for Local Government including

- The ability to age in place is dependent on choice, quality, suitability and sustainability of housing and access to appropriate services.

4.2 Aboriginal Community Consultation

The report will be submitted to the Aboriginal Advisory Committee for consideration.

ANNE O'REILLY
10/11/2016



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