

# CONFIDENTIAL REPORT

 <b>PortAugusta</b> CITY COUNCIL	REPORT FOR	<b>Strategic Management Committee</b>
	MEETING DATE	<b>16 January 2012</b>

REPORT FROM	Director, Community Services		
REPORT TITLE	<b>Investigation of Future Aged Accommodation Options – Update 2</b>		
FILE NAME	F10/2812	RECORD NO	AR12/384

<b>STRATEGIC PLAN SUB GOAL/S</b>
1.3 Best practice in community programs & facilities managed by Council.
4.2 Plans for the provision of additional infrastructure to meet the needs of our growing community.
6.1 A professional effective, efficient & customer focused organisation, responsive to the needs of the community.
6.2 Optimise the use & management of the council's financial & physical resources.

## **PURPOSE**

To provide Elected Members with an update on investigations undertaken in relation to a potential partnership approach to meeting the needs of our older residents.

## **RECOMMENDATION**

### **Strategic Management Committee recommends Council:**

1. Receives and notes the report (AR12/384) dated 10<sup>th</sup> January 2012, submitted by the Director, Community Services concerning "Investigation of Future Aged Accommodation Options – Update 2".

## **BACKGROUND**

1. At the meeting held 23<sup>rd</sup> August 2004 Council considered a report from the Director, Corporate Services regarding the operation of Council's Aged Care Facilities and at that time resolved not to take any action to investigate the sale or to sell either the Nerrilda Nursing Home or AM Ramsay Village.
2. On 22<sup>nd</sup> May 2006 following the review of Council's programs and services, and an in depth review undertaken of a number of key services including aged care services, Council resolved to maintain its existing Aged Care facilities and services and proceed with the building extensions to Nerrilda Nursing Home and AM Ramsay Village.

3. On 27<sup>th</sup> August 2007, Council formally received the Ageing Strategy 2007-2012 developed by Angela Hazebroek of Urban & Regional Planning Solutions. A key goal of this Ageing Strategy is to “plan now to meet the projected future demand for residential aged care places, so that all older people have access to high quality affordable facilities within their community”. The strategy is to “initiate discussions with not-for-profit aged care providers to explore the potential for a partnership approach to developing and managing additional aged care places to meet demand for services after 2015. This may involve Council ceasing to be a direct funder of services after that time. Community support for this approach would be contingent on Council establishing and publicising criteria to ensure that the level of concessional access meets community needs and that the quality of care is maintained to a very high standard”.
4. On 20<sup>th</sup> July 2009, Council resolved to engage Angela Hazebroek of Urban & Regional Planning Solutions to develop a prospectus for engaging potential partners and to hold discussions with parties identified by that process. Council to be provided with a further presentation of findings at the conclusion of the investigation.
5. On 23<sup>rd</sup> August 2010, Council resolved to endorse the process recommended by Angela Hazebroek of Urban & Regional Planning Solutions to further explore potential partnership arrangements for aged accommodation in the City.
6. On 21<sup>st</sup> March 2011, Angela Hazebroek briefed Elected Members as to the progress of the exploration of potential Partnership arrangements along with representatives of Little Company of Mary Health Care (Calvary Services)
7. At a Council meeting on 28<sup>th</sup> March 2011, Council endorsed Memorandum of Understanding to enable both parties to work together to adopt a coordinated approach to the planning and delivering of services to improve outcomes for older people living in Port Augusta.

## **DISCUSSION**

On 17<sup>th</sup> October 2011 a workshop was held with Elected Members, Angela Hazebroek of Urban & Regional Planning Solutions and Rob Ball of Ball Public Relations.

At the commencement of the workshop, I gave a verbal update of what progress had been made in the past few months regarding the Aged Care Investigations.

Progress included a suite of draft Agreements developed by Wallman’s Special Counsel Mark Sallis covering the interim management of the facilities, future sale of AM Ramsay Village and future sale of Homestead Park land (including a land management agreement with timeframes for a master plan and commencement of substantial work) and possible future sale of part of the existing Power Crescent road reserve. These draft agreements were based on information gathered from Elected Members during previous workshops as to what was “not negotiable” in terms of quality of service, preference to “local” residents, minimum levels of concessional residents etc, but also took into account the Aged Care Act 1997 and Department of Health and Ageing guidelines.

These draft agreements were forwarded to the National Chief Executive Officer of Little Company of Mary Health Care (Calvary) for their board’s consideration.

A request for information for “due diligence” purposes was also put to Council in November 2011 and to satisfy this request, a range of documents were provided to Calvary’s Board including financial statements including bond information, copies of DoHA Capital Grant Agreements, employment details, asset registers, building reports, existing contracts, software, regulatory compliance and insurance information.

The revocation of land process has commenced for the Homestead Park land. It is envisaged that this land will be used for an expansion of accommodation in the form of residential aged care and supported living units. It is important to note that the area of "Keith Jones Memorial Park" is not included in this revocation process will remain under Council's ownership as open space.

The process for consultation regarding the revocation of land for potential part road closure of Power Crescent has been delayed until negotiations are further advanced.

Preliminary discussions have been held with DoHA regarding the likelihood of Council having to refund the Capital Grant Agreements received as a part of the 2004 ACAR. Ms Prue Karmel, Director of Aged Care Capital Grant Funding, Department of Health and Ageing, Canberra has advised that there are a number of options available regarding the existing Capital Grant Agreements including novation of the existing grant agreements (not used often these days), repayment of the grants (either in full or partial) or cessation of the grant agreement with no repayment required. Council will need to put a strong case forward detailing the financial benefit (or lack thereof) from transfer of the facilities, Council's vision for mid to long term expansion to meet the ageing populations, the fact that Council is not selling the facilities on the commercial market and information regarding the other party. As a reminder to members, Council received \$1.37M from DoHA through a grant agreement dated February 2007 for AM Ramsay Village and \$620,000 for Nerrilda Nursing Home in a grant agreement dated 29<sup>th</sup> June 2005. Under the DoHA's Guidelines for Recovery of Capital Grants, DOHA's default position would be the recovery of the full amount of the grant for AM Ramsay Village and partial grant of Nerrilda Nursing Home. Ms Karmel has asked that Council keeps in touch with her and forwards a copy of the agreements once finalised to enable a timely decision to be made.

Whilst I was on leave during December 2011, Mr Doran contacted Greg Perkin and advised that Calvary were more favourable to a mid term management agreement and intend to forward a "counter offer" to Council.

It is important to remember that the reason that Council had chosen to investigate the management or sale of our aged care facilities was to ensure sufficient bed places and services are available to our community from 2016 onwards due to the ageing population (as per Council's Ageing Strategy). Therefore a mid term management agreement is unlikely to satisfy Council unless there is clear (and suitable) timelines for additional bed places and services within the agreement. It has been stated that Port Augusta is 12 residential bed places under benchmark based on 2013 population predictions. This will force increasing numbers of elderly people to have to leave Port Augusta to seek residential aged care in neighbouring areas.

Following the workshop in November 2011, Rob Ball has indicated his availability to again meet with Elected Members and key staff to further develop a PR strategy in the first quarter of 2012. Rob is keen for Elected Members and staff to be able to verbalise positive messages regarding reasons for the change in management. The timing of this next meeting will depend on timelines in relation to negotiation of the draft agreements.

In the meantime, media opportunities to highlight the shifting paradigms in Aged Care and relate back to the Ageing Strategy are taken where possible. An example of this is the recent media announcement regarding the additional bed place at Nerrilda Nursing Home to be used for high level residential respite.

## **CONFIDENTIALITY PROVISIONS**

It is considered that pursuant to Section 90(3)(b) 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.

**It is recommended that Council** maintains the confidential provisions as outlined above until **31 July 2014**.

## **RISK MANAGEMENT**

### **1: Financial/Budget**

The financial implications of the future options of Council's Aged Care Facilities will be demonstrated as part of a final presentation to Council once full investigations have been completed.

### **2: Legal**

The implications of the Department of Health and Ageing's Capital Grant Funding Agreement for Nerrilda Nursing Home and AM Ramsay Village have to be considered as this impacts on options available.

Legal opinion was sought in the development of draft agreements for presentation to Little Company of Mary Health Care (Calvary).

### **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.

#### 4.2 OPAL Program

By having a more comprehensive aged care service in Port Augusta the diet and exercise habits of aged people can be monitored to ensure their health and wellbeing.

**ANNE O'REILLY**  
**10/01/2012**

# Memorandum of Understanding

## 1.0 Purpose of this Partnership

The Port Augusta City Council (referred to as Council) and Calvary Services have resolved to work together to adopt a co-ordinated approach to the planning and delivery of services to improve outcomes for older people living in Port Augusta by:

- 1) Demonstrating need and developing a coherent case for additional services and funding
- 2) Making the best use of existing beds, facilities and services
- 3) Securing additional residential beds and community based services for people with high care needs beyond 2016.
- 4) Increasing respite care opportunities for both planned and emergency situations.
- 5) Developing greater integration across all forms of aged care including home based packages, hospital treatment, respite care, transitional care and residential care
- 6) Sharing expertise and resources in the delivery of care and support
- 7) Providing affordable, adaptable and supported retirement housing for rent and purchase in locations that offer easy access to services and opportunities for social interaction.
- 8) Facilitating innovation in housing, planning and service provision in any relevant areas.

## 2.0 Outcomes

Council and Calvary Services are committed to building their partnership to achieve the following outcomes:

- 1) Maintain and exceed existing service quality in aged care facilities
- 2) Access to aged care facilities based on need not financial means
- 3) Optimising utilisation of beds and services and supporting growth in bed numbers in residential care facilities for people needing a high level of support
- 4) Provision of a range of housing that meets the needs of older people with respect to affordability (rental/purchase), adaptability, accessibility with care and support when required.
- 5) Strong community support and confidence in the quality of care and support available to older people and their carers.
- 6) Increased range of services available to older people and strengthening the co-ordination of services including planned and emergency respite care, palliative care, dementia care, mental health and health status monitoring.
- 7) Provide broader opportunities for attracting, training and retaining high quality and committed aged care workers.

- 8) Education, support and counselling for carers
- 9) Contribute to strengthening the links between service providers and community organisations to increase opportunities for social connection.
- 10) Optimise the use of resources by focussing on assisting older people to maintain their own health and well being and tailoring flexible support services that recognise that people's needs are constantly changing.

**By working together we believe that we can better meet the needs of our community. Collaboration across the whole range of services (accommodation, support and programs) will achieve improved outcomes for older people , their families and carers.**

### 3.0 Process

- 1) Council and Calvary Services will nominate at least two organisational representatives to explore and develop partnership opportunities.
- 2) The process will be facilitated by an independent consultant committed to assisting the partners to work towards their agreed objectives and to negotiate acceptable solutions to differences of opinion, where this is necessary.
- 3) The organisational representatives and the independent consultant will respect the Confidentiality Agreements that apply to all discussions and actions associated with this partnership. It is acknowledged that this agreement extends to the Elected Members of Council and the Board of Directors of Calvary Services.
- 4) Meetings will be held as required, but at least once every two months at mutually convenient locations and times.
- 5) Each meeting will identify tasks to be undertaken by the partners and consultant and a suggested time frame. All representatives will endeavour to take these actions and report on progress at the next meeting.
- 6) Open and constructive discussion will be encouraged at all times. Representatives shall be free to test the respective advantages and disadvantages of any approach.
- 7) Representatives will respect each other and support the expression of divergent views in the interest of robust discussion.
- 8) Where differences in organisational viewpoints cannot be resolved through facilitated discussion these will be noted in the meeting record. If these differences are fundamental to achieving partnership outcomes the partners agree to meet separately with the consultant to clarify their position and identify the basis for negotiation.

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Name:

Position:

Organisation: Port Augusta City Council

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Name:

Position:

Organisation: Calvary Services

Dated \_\_\_\_\_ of \_\_\_\_\_ 2011.