

CONFIDENTIAL REPORT



REPORT FOR:	Strategic Management Committee		
MEETING DATE:	15 July 2013		
REPORT FROM:	Director, Community Services		
REPORT TITLE:	Future Aged Accommodation Options in Port Augusta		
FILE NAME:	F10/2812	RECORD NO:	AR13/4556

COMMUNITY VISION & STRATEGIC PLAN OBJECTIVE/S

- 1.3 We use and manage our financial and physical resources in the best interests of our community, now and for the future.
- 4.2 We care for the wellbeing of ourselves and each other, especially the most vulnerable in our community.

PURPOSE

To provide Elected Members with information regarding aged accommodation in Port Augusta and request endorsement of a call for Expressions of Interest in the provision of aged accommodation including residential aged care and supported living units.

RECOMMENDATION

Strategic Management Committee recommends Council:

1. Calls for "Expressions of Interest" for the development and operation of aged accommodation in Port Augusta via *The Advertiser* and *The Australian* newspapers and Council's website.
2. Seeks a further report detailing responses by organisations to the prospectus including responses on specific criteria including transmission of employment for existing staff, transfer of tenancy of existing residents, percentages of supported residents offered bed places, providing priority to local residents, and quality of care.
3. Authorises the Director of Community Services to discuss the content of this report with staff members of Council's aged care facilities and the Nerrilda Auxiliary prior to the public release of the report.

BACKGROUND

At a meeting held 23rd 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 Nerrilda Nursing Home or AM Ramsay Village.

On 22nd 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.

On 27th 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”.

On 26th September 2011 Council resolved that the use of the Homestead Park Pioneer Museum land (Allotment 66) for future development of aged accommodation is supported.

Following consultation with the community, Council at its meeting held on 19 December 2011 resolved to seek Ministerial approval of the revocation of this land as Community Land to enable its use for aged housing. Ministerial approval of the revocation proposal was received by Council on 13 March 2012 and Council resolved to revoke community land classification at a meeting on 26th April 2012.

Strategy 1.3.2 of Council's 2013-2017 Strategic Plan is to “Review future management of Council owned and operated facilities including Wadlata Outback Centre, Australian Arid Lands Botanic Gardens and Port Augusta Cultural Centre to optimise outcomes for businesses, visitors and the community”.

Following the publishing of the Productivity Commission Report “Caring for Older Australians” in 2011, the Federal Government announced a response through the “Living Longer Living Better” Aged Care Reform package which focuses on helping people to stay at home, strengthening the aged care workforce, and changes to Residential Aged Care.

DISCUSSION

Port Augusta has an ageing population in line with the rest of the nation.

Port Augusta has a lack of suitable accommodation for older persons. There is a continuous stream of people seeking to ‘downsize’ from their 3 (or more) bedroom home with large yard to smaller accommodation (usually 2 bedroom) with a lockable garage and courtyard size yard.

Stand-alone retirement village operators have rejected approaches to establish in Port Augusta due to what is perceived to be a “lack of numbers” even though there has been anecdotal evidence of retirees moving to retirement villages in other regional South Australian locations. Some of these villages rely on a large proportion of homes within the villages to be pre-sold to enable the project to proceed.

The incidence of Dementia related disorders is increasing rapidly. The care needs of residents being admitted to Council's Aged Care Facilities are increasing and becoming much more complex. Some of these residents have care needs that are more aligned to sub-acute care. To date, our staff have excelled in providing high quality care to the residents of Nerrilda Nursing Home and AM Ramsay Village. However, to prosper in this changing environment, the facilities require strong leadership, management and systems, including clinical systems that are specifically based on health, not local government.

It is becoming more apparent that comprehensive and safe management of residents with 'behaviours of concern' are, and will be more into the future impacted by the building design of our aged care facilities not meeting current best practice for those with a dementing and life limiting disease. Our staff excel in coming up with innovative solutions to meet changing resident needs, but in isolation, this will not achieve our goal of excellence moving toward the future.

The Federal Government's Living Longer Living Better Strategy (LLLB) has a focus on keeping people at home for longer periods of time. The increased focus on 'Home Care' means that people need to be able to 'age in place' within their own homes which may not be possible if the family home is not purpose built or adaptable to meet the changing needs of the older person. There is a lack of options available to existing community members to 'down-size' to a more suitable form of accommodation to enable people to remain at home.

The flow on affect of the Federal Government's focus on Home Care is that people coming into residential aged care are at the higher end of the scale of care needs, may have severe behavioural and psychological issues and be difficult to manage and may be in care for shorter periods of time. This is likely to increase in the coming years. The new reforms also remove the distinction between high and low care, with all aged care facilities expected to provide 'Ageing in Place'. This will also impact on both facilities.

The Federal Government has redirected funding from Residential Aged Care to other areas of the LLLB strategy. In the 2012/13 financial year, Aged Care Funding Instrument (ACFI) subsidies were not increased at all as part of this funding re-direction, however wages, utilities, food, medical supplies etc have continued to rise. This has caused financial pressure on our aged care facilities.

There has also been issues attracting and retaining suitably qualified staff to work in our Aged Care Facilities. Council elected to enter into an Enterprise Bargaining Agreement with Registered Nurses and Enrolled Nurses a number of years ago to maintain wage parity with the public sector in an attempt to address workforce retention concerns. There may be additional funding available from 1st July 2013 through the Aged Care Workforce Compact for aged care facilities to pay higher wages to staff, however there are conditions attached to that funding. At the time of writing the report the full details of the Aged Care Workforce Compact are unknown. It appears that Port Augusta City Council may not be eligible for the Aged Care Workforce Supplement as staff are paid under State Awards. Not for profit organisations are able to offer salary packaging incentives that are not available to Local Government employees which can make a substantial difference to the net pay of the aged care workforce.

Port Augusta City Council has a large parcel of land (Homestead Park) that has been identified for use for aged accommodation which can be used as leverage to attract a provider of aged care and accommodation to Port Augusta. The concept of providing independent and semi-supported living units on this land that could be serviced by AM Ramsay Village adjacent to the land may be attractive to a provider. It is envisaged that people with low to medium care needs could be supported to remain in these units with the provision of services through Community Aged Care Packages, Extended Aged Care at Home packages or Consumer Directed Care Packages.

Council, staff and the community have taken great pride in offering high quality residential aged care with accreditation results and feedback which reflect this. However this is an opportunity for Council to ensure that the short, mid and longer term care and accommodation needs of our ageing community members are met as Council does not have the capacity to expand existing services or take on the required new directions in relation to aged accommodation.

Naturally, negotiations would need to occur to protect the community's interest in its assets, ideally with a not-for-profit operator with similar values to Council. This would involve negotiation on specific criteria including transmission of employment for existing staff, transfer of tenancy of existing residents, percentages of supported residents offered bed places, providing priority to local residents, and quality of care.

I have attached (appendix 1) a SWOT analysis for members' perusal which outlines the current situation.

CONFIDENTIALITY PROVISIONS

The Council is satisfied 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 premature disclosure of which could prejudice the commercial position of the Council and would on balance be contrary to the public interest; as Council need to consider the matter and discuss its decision with key stakeholders prior to the position of Council being made public.

It is recommended that the confidential provisions for the **report, discussions & minutes** only remain in force until **7 days after the matter is resolved by Council (being 29 July 2013)**.

RISK MANAGEMENT

1: Financial/Budget

Under the Living Longer Living Better Aged Care Reforms, the Federal Government is redirecting funds from Residential Aged Care towards Community Care and other aspects of the LLLB package. Financial sustainability of the facilities is questionable with many in the industry concerned about the viability of stand alone services in regional, rural and remote areas. Larger Aged Care Providers are in a stronger position to absorb the changes to Aged Care funding arrangements due to 'economies of scale', salary packaging benefits to staff and the greater ability to be innovative in responding to the changing Aged Care environment.

The Federal Government is expanding the user pays system in aged care to ensure long term sustainability of the industry due to the ageing population. Daily Fees and Income Tested Fees are set by Centrelink/DVA and therefore the only opportunity for aged care facilities to increase revenue is through the charging of higher bonds. However, the economic status of Port Augusta residents is such that the number of high bonds are limited and over 50% of residents coming into our facilities are 'supported' residents for which the Federal Government provides a supplement. In the future the two facilities may not be self supporting financially requiring ratepayers to increasingly subsidise the facilities.

If a transfer of bed places occurs as part of an agreement to leverage a suitable outcome to achieve additional accommodation options, there is a possibility that Capital Grant Funding received from the Department of Health and Ageing may have to be reimbursed as per Capital Grant Recovery Guidelines. However this will only be considered by the Department once final agreements have been negotiated and an application for transfer of places submitted.

2: Legal

With the increased level of care being provided in Residential Aged Care Facilities comes increased clinical risk with the potential for legal action to be taken against the facilities. Providers specialising in health and aged care have purpose designed systems in place to support facilities to minimise risk in relation to clinical care and the shifting paradigm to sub-acute care within the Aged Care sector.

Legal opinion will be sought in the development of any draft agreements that may occur as a result of the negotiation process.

3: Environment

N/A

4: Community4.1 General

It is acknowledged that the community of Port Augusta made a significant contribution to the funds required to build Nerrilda Nursing Home and there is likely to be distress at the thought of handing this community asset over to another aged care provider.

However, 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

N/A

Anne O'Reilly**05/07/2013**

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<p>STRENGTHS</p> <ul style="list-style-type: none"> • Support of the wider community • Dedication of staff • High quality of care provided • Community control over asset 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Systems and processes aligned to Local Government, not health. (not core Council business) • No capacity to upgrade or expand existing aged accommodation • Limited capacity to use other business units to underwrite aged care. • Limited capacity to be innovative in response to Living Longer Living Better Aged Care Reforms. • Building design not meeting current best practice for people with dementing and life limiting disease.
<p>OPPORTUNITIES</p> <p><i>Establish an agreement with another aged care provider to achieve the following outcomes:</i></p> <ul style="list-style-type: none"> • Expansion of aged accommodation options including additional residential care as well as semi-supported and independent living units to meet current and future community needs. • Systems and processes designed specifically for health purposes. • Greater support for clinical staff. • Potential salary sacrificing options if NFP status. • Innovation in service delivery • Registered Training Organisation to offer training course including Cert III in Aged Care to ensure long term stability in staffing 	<p>THREATS</p> <ul style="list-style-type: none"> • Constantly shifting 'goal posts' of Aged Care Accreditation Standards and Aged Care Funding Instrument business rules. • The removal of the distinction between High Care and Low Care with all facilities expected to provide 'Ageing in Place' • Legal risk to Council (due to increased levels of clinical care, Work Health Safety legislation, Regulations and Aged Care Reforms) • The move from high care to a sub-acute level of care requiring an increased focus on clinical skills. • Financial risk to Council • Aged Care is becoming part of an integrated health care system; the continuum of health and aged care services and therefore requires specialist skills. • Inability to attract and retain appropriate levels of qualified and unqualified staff in the mid-long term. • Families leaving Port Augusta due to lack of aged accommodation. • Residents being relocated to other nearby Aged Care Facilities due to care not being available in Port Augusta • Potential of other aged care providers establishing in Port Augusta building new state of the art, purpose built aged accommodation, competing for existing staff and residents