



AGENDA

**FOR WORKS AND SERVICES COMMITTEE MEETING TO BE HELD ON
10 DECEMBER 2018 AT THE CONCLUSION OF THE BUDGET AND FINANCE
COMMITTEE**

IN THE COUNCIL CHAMBER, 12 JAMES STREET, SALISBURY

MEMBERS

Cr S Reardon (Chairman)
Mayor G Aldridge (ex officio)
Cr M Blackmore
Cr L Braun
Cr C Buchanan
Cr N Henningsen
Cr S Ouk
Cr G Reynolds

REQUIRED STAFF

Chief Executive Officer, Mr J Harry
General Manager City Infrastructure, Mr J Devine
General Manager Community Services, Ms P Webb
Governance Support Officer, Ms K Boyd

APOLOGIES

An apology has been received from Cr S Ouk.

LEAVE OF ABSENCE

PRESENTATION OF MINUTES

Presentation of the Minutes of the Works and Services Committee Meeting held on 15 October 2018.

REPORTS

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OTHER BUSINESS

CLOSE



**MINUTES OF WORKS AND SERVICES COMMITTEE MEETING HELD IN THE
COUNCIL CHAMBER, 12 JAMES STREET, SALISBURY ON**

15 OCTOBER 2018

MEMBERS PRESENT

Cr G Reynolds (Chairman)
Mayor G Aldridge (ex officio)
Cr G Caruso
Cr E Gill
Cr S Reardon (Deputy Chairman)
Cr J Woodman
Cr R Zahra

OBSERVERS

Cr D Pilkington (*from 7:06 pm*)
Cr S Bedford (*from 7:08 pm*)

STAFF

Chief Executive Officer, Mr J Harry (*from 7:10 pm*)
General Manager Business Excellence, Mr C Mansueto (*from 7:05 pm*)
General Manager Community Services, Ms P Webb
Acting General Manager City Infrastructure, Mr D Roy
Manager Governance, Mr M Petrovski (*from 7:10 pm*)
Governance Support Officer, Ms K Boyd

The meeting commenced at 6.43 pm.

The Chairman welcomed the members, staff and the gallery to the meeting.

APOLOGIES

Apologies were received from Cr C Buchanan and Cr S White.

LEAVE OF ABSENCE

Nil

PRESENTATION OF MINUTES

Moved Cr R Zahra
Seconded Cr G Caruso

The Minutes of the Works and Services Committee Meeting held on 17 September 2018, be taken and read as confirmed.

CARRIED

REPORTS

Administration

2.0.1 Future Reports for the Works and Services Committee

Moved Cr R Zahra
Seconded Cr S Reardon

1. The information be received.

CARRIED
UNANIMOUSLY

Public Works

2.6.1 Capital Works Report - September 2018

Moved Cr R Zahra
Seconded Cr G Caruso

1. Include Parafield Gardens Recreation Centre, Court 2, air conditioning replacement within the 2018/19 Building Renewal Program.
2. Construction of new footpaths and/or associated kerb ramps as set out in this report (Item No. 2.6.1, Works and Services Committee, 15 October 2018) be endorsed as program inclusions within the Council Funded Footpath Program and Kerb Ramp Construction / Upgrade Programs.

CARRIED

Traffic Management

2.7.1 Traffic Safety: McGill Crescent, Para Hills

Moved Cr S Reardon
Seconded Cr J Woodman

1. Based on findings it was established that the appropriate traffic controls already exist. However, staff will establish collaboration with SAPOL to address the “hoon” behaviour issue.
2. Sight restrictions around the curve in McGill Crescent, Para Hills (created by residents landscaping within the verge area) continue to be monitored and addressed by Field Services in collaboration with the affected residents.

CARRIED

2.7.2 Installation of Slow Points on Daniel Avenue, Globe Derby

Moved Cr E Gill
Seconded Cr S Reardon

1. Based on findings it was established that the appropriate traffic controls already exist. However, staff will establish collaboration with SAPOL to address the “hoon” behaviour issue.
2. Staff arrange for “REMEMBER 50 KM/H UNLESS OTHERWISE SIGNPOSTED” Advisory Signage to be installed at both ends of Daniel Avenue to reinforce the default speed limit and improve road safety for either riders on horseback or horses with buggies.

CARRIED

2.7.3 Pedestrian Crossing at the Ingle Farm Recreation Centre

Moved Cr J Woodman
Seconded Cr G Caruso

1. The Traffic Group will conduct a review of the existing off-road carpark and identify the desired “line of crossings” for pedestrian safety. A “Zebra” type pedestrian crossing treatment be installed and modifications to the hazard markings on the speed humps will be undertaken in the 2018/19 financial year.

**CARRIED
UNANIMOUSLY**

Waste Management

2.8.1 Cardboard Box Recycling Scheme

Moved Cr E Gill
Seconded Cr G Caruso

1. The information in this report be received

CARRIED
UNANIMOUSLY

OTHER BUSINESS

W&S-OB1 Left Turning Lane onto Salisbury Highway

Moved Cr R Zahra
Seconded Cr E Gill

1. That a report be brought back on options to introduce a left turning lane onto Salisbury Highway when heading north-east from Spains Road, Salisbury Downs.

CARRIED
UNANIMOUSLY

The meeting closed at 7:19 pm.

CHAIRMAN.....

DATE.....

ITEM	2.0.1
	WORKS AND SERVICES COMMITTEE
DATE	10 December 2018
PREV REFS	
HEADING	Appointment of Deputy Chair - Works and Services Committee
AUTHOR	Joy Rowett, Governance Coordinator, CEO and Governance
CITY PLAN LINKS	4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
SUMMARY	This report provides information with respect to the appointment and role of Deputy Chair. In accordance with resolution of Council and the Terms of Reference of the Works and Services Committee, an appointment is required to be made.

RECOMMENDATION

1. Cr _____ be appointed as Deputy Chairman of the Works and Services Committee for a two year term.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

1.1 At the November 2018 Council meeting it was resolved (Resolution Number 0009/2018, Council 26 November 2018):

- a. *Membership of the Works and Services Committee comprise:*
 - *Chad Buchanan (Central Ward)*
 - *Cr Maria Blackmore (East Ward)*
 - *Cr Shiralee Reardon (Hills Ward)*
 - *Cr Graham Reynolds (North Ward)*
 - *Cr Sarah Ouk (Para Ward)*
 - *Cr Natasha Henningsen (South Ward)*
 - *Cr Lisa Braun (West Ward)*
- b. *The Mayor be appointed an ex officio member of the Works and Services Committee.*
- c. *Cr Shiralee Reardon be appointed as Chairman of the Works and Services Committee for a two year term.*
- d. *The Works and Services Committee appoint a Deputy Chairman for a two year term at its first meeting*

2. REPORT

2.1 The Terms of Reference for the Works and Services Committee provides for the appointment of the Deputy Chairman at the first meeting of the Committee. The appointment is for a period of two years in accordance with Council's resolution, after which time the Committee will make a new 2 year appointment.

3. CONCLUSION / PROPOSAL

3.1 In accordance with Council's resolution (Resolution Number 0009/2018, Item No 6.5, Council 26 November 2018) and the Terms of Reference for the Works and Services Committee, the Committee is now asked to consider the position of Deputy Chairman and determine who should fulfil this role for the coming 2 years.

CO-ORDINATION

Officer: Executive Group
Date: 03/12/2018

ITEM	2.0.2
	WORKS AND SERVICES COMMITTEE
DATE	10 December 2018
HEADING	Future Reports for the Works and Services Committee
AUTHOR	Michelle Woods, Projects Officer Governance, CEO and Governance
CITY PLAN LINKS	4.3 Have robust processes that support consistent service delivery and informed decision making.
SUMMARY	This item details reports to be presented to the Works and Services Committee as a result of a previous Council resolution. If reports have been deferred to a subsequent month, this will be indicated, along with a reason for the deferral.

RECOMMENDATION

1. The information be received.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

- 1.1 Historically, a list of resolutions requiring a future report to Council has been presented to each committee for noting.

2. CONSULTATION / COMMUNICATION

- 2.1 Internal
 - 2.1.1 Report authors and General Managers.
- 2.2 External
 - 2.2.1 Nil.

3. REPORT

- 3.1 The table below outlines the reports to be presented to the Works and Services Committee as a result of a Council resolution.
- 3.2 It should be noted that several of the reports were due to be presented at meetings during December. However, some matters have been deferred in order to avoid an overloaded agenda for what will be the first round of meetings of the new term of Council.
- 3.3 Accordingly, the commentary for each of the matters that will be deferred provides a strategic context.

Meeting Item	Heading and Resolution	Officer
14/12/2015 NOM3	<p>Traffic monitoring, Kesters Road between Main North Road and Ceafield Road</p> <p>1. That following the opening of the Masters store and other new businesses on Main North Road, staff undertake traffic monitoring on the lower part of Kesters Road, between Main North Road and Ceafield Road to determine the impact of the operation of those businesses on traffic flow and volume in the area. The report should include consideration of:</p> <p>a. The requirement for additional parking restrictions in the area</p> <p>b. Vehicle movements of heavy and long vehicles through the area</p> <p>c. Risks to public safety as a result of changed traffic patterns.</p> <p>Due: June 2019</p>	Dameon Roy
29/03/2016 2.2.2	<p>Implementation of Free Bike Hire Scheme (in conjunction with Bike SA) - investigation findings</p> <p>3. The implementation of a Free Bike Hire Scheme within the City of Salisbury be considered again in three years.</p> <p>Due: March 2019</p>	Adam Trottman
22/05/2017 2.1.1	<p>Investigation of Costs Associated with Waterslide/Diving Platform Installation at Salisbury Recreation Precinct</p> <p>2. A decision regarding the installation of the water play feature be deferred pending council consideration of a long term plan for the aquatic facilities.</p> <p>Due: March 2019</p>	Adam Trottman

24/07/2017	Variation to Council Decision 1783/2017: St Kilda Master Plan - Stage 2	Greg Ratsch
NOM1	3. That authorisation to progress with priorities 3 to 8 inclusive provided in the St Kilda Stage 2 – Marine Recreation Precinct and Mangroves Master Plan be subject of consideration of further reports to Council.	
Due:	February 2019	
26/02/2018	Investigation into Development of an App to Report Illegal Dumping	Andrew Legrand
NOM3	2. Subject to the response from NAWMA, a report be provided to Council advising the costs of implementing the application across the Council’s fleet of vehicles.	
Due:	February 2019	
26/02/2018	Cleaning of Creeks and Waterways	Mark Purdie
2.4.3	2. A review of the service levels be conducted after 12 months in March 2019.	
Due:	March 2019	
26/03/2018	Mawson Lakes Indented Parking Bays	Clint Watchman / Dameon Roy
NOM2	1. That staff report into areas in Mawson Lakes that indented parking bays could be implemented to ease parking and traffic issues.	
Due:	January 2019	
26/03/2018	Long Term Financial Plan and Budget Workshops Actions Update	Craig Johansen
6.4.1	2. A report on the success of the Reserve Upgrade Program and consideration of future sites be included on the Works and Services Future Reports with a due date of December 2018 (per table Budget Workshop 1 – 28 February 2018 item WS1-9).	
Due:	February 2019	
26/03/2018	Long Term Financial Plan and Budget Workshops Actions Update	Craig Johansen
6.4.1	3. A report on the program of sites for Fitness Equipment Program be included on the Works and Services Future Reports with a due date of December 2018 (per table Budget Workshop 1 – 28 February 2018 item WS1-13).	
Due:	February 2019	
26/03/2018	Long Term Financial Plan and Budget Workshops Actions Update	Craig Johansen
6.4.1	4. A report on the program of sites for Autism Friendly Playspaces be included on the Works and Services Future Reports with a due date of December 2018 (per table Budget Workshop 1 – 28 February 2018 item WS1-15).	
Due:	February 2019	

26/03/2018	Long Term Financial Plan and Budget Workshops Actions Update	Adam Trottman
6.4.1	5. A report on Salisbury North Netball Club be included on the Works and Services Future Reports with a due date of November 2018 (per table Budget Workshop 1 – 28 February 2018 item WS1-17). Due: December 2018 Deferred to: February 2019 Reason: Pending council approval of an integrated strategy which provides the framework for consideration of the open space and recreation developments across the city.	
26/03/2018	Budget Bids 2018/2019 - Streetscape Renewal - PSN107	Craig Johansen
6.4.2	That a further report come back considering an increase in funding to the Street Tree Program bid PSN107 looking at improving outcomes and quality. Due: December 2018 Deferred to: February 2019 Reason: Staff are collecting data for the development of the future program. Staff believed that since the decision of Council could not be implemented over summer there was no urgency in putting this paper to Council, so deferring the matter until February would enable the new Council time to settle in, rather than loading up the first operational Council meeting with a non urgent topic.	
23/04/2018 NOM3	Mawson Lakes Community Garden 1. That a report be brought forward advising Council on the process for establishing Community Gardens and identifying potential locations in Mawson Lakes. Due: January 2019 (This item will be combined with 2.1.1 from 28/05/2018 below.)	Adam Trottman
23/04/2018 WS-OB1	Rollout of Library Catalogue Computer Systems 1. Staff bring back a report with costings and a proposed timeframe for the rollout of necessary system connections with community centres to enable reservations to be made on the library catalogue computer system and an item delivery system for those sites. Due: March 2019	Jo Cooper
28/05/2018 2.1.1	Community Gardens in Reserves 2. Staff prepare a business case which explores options and cost implications for the establishment of a Salisbury Community Gardens program. Due: December 2018 Deferred to: January 2019 Reason: Consultations have not been completed with the community groups in relation to preferences and locations.	Adam Trottman

28/05/2018 2.6.2	Para Hills Community Hub Project Update 7. That an update report detailing any cost impacts and income, including the governance model, be brought back to Council after 3 months of operation of the Para Hills Community Hub. Due: December 2018 Deferred to: January 2019 Reason: Governance arrangements have been further delayed, and defects list has not been completed.	Jo Cooper
23/07/2018 2.3.1	Outcome of the 'YourTutor' Trial Further Motion: 1. That a further report be brought back on the potential of continuing the Your Tutor program or similar programs through our community centres and libraries, and staff also advise of any alternative programs being offered. Due: March 2019	Jo Cooper
27/08/2018 MON7.5	Steam Weeding 2. Staff bring back a report about the use of 'steam weeding' as opposed to using chemicals for weed removal. The report to include costs and effectiveness of steam weeding compared to using chemicals. Due: February 2019	Mark Purdie
27/08/2018 MON7.8	Traffic Safety: Nelson Road, Para Hills 1. That staff bring back a report to Council investigating whether any traffic calming devices can be installed in regard to increased traffic and vehicles coming too fast over a blind hill on Nelson Road, Para Hills between Milne Road and Miller Avenue, Para Hills. Due: July 2019	Dameon Roy
27/08/2018 Cnl-OB12.2	Review of the Tree Removal Policy That staff bring back a report reviewing the dead tree removal policy. Due: December 2018 Deferred to: January 2019 Reason: Trees are a major topic for Council and rather than presenting this topic at the first operational meeting of the new Council, staff believed that a deferral until January would be prudent.	Michael Oborn
24/09/2018 MON7.1	Alice Crescent, Burton - Parking Bays 1. That a report be brought forward providing advice and associated costings for installing indented car parking bays on the reserve along Alice Crescent, Burton. Due: February 2019	Dameon Roy

24/09/2018 MON7.2	Gulfview Heights Lake 1. That a report be provided to Council advising on and investigating various issues regarding the Gulfview Heights Lake / Dam, located on Bayview Parade, Parkside Drive, and Gulfview Circuit, including; - advice whether there is any leakage or erosion issues with the current lake, and the cost implications for any repairs deemed necessary; advice on the current service levels for the reserve and options to renew and/or upgrade the reserve to improve general aesthetics, accessibility and usage of the space for greater community benefit. Due: February 2019	Dameon Roy
24/09/2018 MWON12.1	Traffic Safety - Anson Avenue, Parafield Gardens 1. That a report be brought back with options to improve traffic safety on Anson Avenue, Parafield Gardens adjacent to Catalina Avenue shops. Due: February 2019	Dameon Roy
22/10/2018 2.7.1	Traffic Safety – McGill Crescent, Para Hills 1. That the matter be re-assessed and that a further report be brought back in December 2018. Due: December 2018 Deferred to: March 2019 Reason: Data analysis and traffic review yet to be finalised.	Tony Calandro
22/10/2018 2.7.2	Installation of Slow Points on Daniel Avenue, Globe Derby 3. Staff continue to collect data and bring back a further report for design and costings to create a centre road blister similar to Trotters Drive, Globe Derby Park to be implemented along Daniel Avenue, to be considered within existing budgets in the 2018/19 financial year. Due: February 2019	Tony Calandro
22/10/2018 W&S-OB1	Left Turning Lane onto Salisbury Highway 1. That a report be brought back on options to introduce a left turning lane onto Salisbury Highway when heading north-east from Spains Road, Salisbury Downs. Due: January 2019	Dameon Roy

22/10/2018 W&S-OB1	<p>Motion on Notice – Footpath Construction Budget</p> <p>1. That a report be brought forward to the newly elected Council, in time for consideration in the 2019/20 budget, providing advice about the likely impact of one-off increases of \$1m each to the footpath construction and footpath repairs and maintenance budgets, and Council’s long term financial management plan, including:</p> <ul style="list-style-type: none"> • how many additional kilometres of footpath on our capital works program could be accelerated for construction with the additional funds; • the likely increase in rectifying footpath faults; and • the impact on Council's long-term footpath maintenance budget and program, and asset management plans. <p>Due: March 2019</p>	Dameon Roy
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4. CONCLUSION / PROPOSAL

- 4.1 Future reports for the Works and Services Committee have been reviewed and are presented to Council for noting.

CO-ORDINATION

Officer: Executive Group
Date: 03/12/2018

ITEM 2.0.3

WORKS AND SERVICES COMMITTEE

DATE 10 December 2018

PREV REFS

HEADING Membership of the Strategic Property Development Sub Committee

AUTHOR Joy Rowett, Governance Coordinator, CEO and Governance

CITY PLAN LINKS

- 4.3 To deliver sustainable, creative and innovative solutions that enable excellent operations and service delivery
- 4.4 To ensure informed and transparent decision-making that is accountable and legally compliant
- 4.6 To provide our customers with excellent service that meets their needs

SUMMARY This report provides information with respect to the membership of the Strategic Property Development Sub Committee and seeks Council endorsement of that membership.

RECOMMENDATION

1. The Membership of the Strategic Property Development Sub Committee comprise:

Cr N. Henningsen (Chairperson as resolved by Council 26/11/18)

Cr _____

Cr _____

Cr _____

Cr _____

Cr _____

Cr _____

2. The alternate Ward Councillor is appointed as a deputy member to the Strategic Property Development Sub Committee and in the absence of the appointed member will act as a full member of the Sub Committee.

3. The Mayor be appointed as an ex-officio member of the Strategic Property Development Sub Committee.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Terms of Reference - Strategic Property Development Sub Committee

1. BACKGROUND

- 1.1 At the November 2018 Council meeting it was resolved (Resolution Number 0016/2018) that the Strategic Property Development Sub Committee be established in accordance with the Terms of Reference and that it report to the Budget and Finance Committee.
- 1.2 Also at that meeting, Council further resolved (Resolution Number 0018/2018):
 1. That Cr N Henningsen be appointed Chairperson for a period of two years.
 2. That the Deputy Chair be appointed by the sub committee at its first meeting.
 3. That the membership of the Strategic Property Development Sub Committee be determined at the Budget and Finance Committee.

2. REPORT

- 2.1 The Strategic Property Development Sub Committee was established to examine and make decisions on strategic property development projects:
 - To consider property development proposals in terms of their overall commercial and community benefit.
 - To assess and consider Council’s risk exposure related to the projects
- 2.2 As per the Terms of Reference of the Sub Committee, the alternate Ward Councillor is appointed as a deputy member to the Strategic Property Development Sub Committee and in the absence of the appointed member will act as a full member of the Sub Committee.
- 2.3 The General Manager City Development is the General Manager responsible for oversight of Strategic Property Development activity aligned to the four key directions within the City Plan 2030.

3. CONCLUSION / PROPOSAL

- 3.1 In accordance with Council’s resolution (Resolution Number 0018/2018, Item No 6.5, Council 26 November 2018) and the Terms of Reference for the Strategic Property Development Sub Committee, the Committee is now asked to consider the membership of the Sub Committee.

CO-ORDINATION

Officer: Executive Group
Date: 03/12/2018



Strategic Property Development Sub Committee

- Terms of Reference -

Endorsed by Council: 26 November 2018

Review Date: November 2019

1. Purpose

- 1.1 To examine and make decisions on strategic property development projects:
 - To consider property development proposals in terms of their overall commercial and community benefit.
 - To assess and consider Council's risk exposure related to the projects.
- 1.2 The Sub-Committee will adopt a risk management focus in its considerations, delivery and recommendations to Council. The advice to Council will reflect both the risk and opportunities of the issue to enable Council to act as an informed and responsible decision maker representing the interests of the community.

2. Status and Term of the Sub-Committee

- 2.1 The Sub-Committee is formed under Section 41 of the *Local Government Act 1999* as an advisory sub-committee to the Works and Services Committee for the purpose of providing advice to Council in regard to the areas listed above.
- 2.2 This Sub-Committee will exist for the term of Council.

3. Meeting Details

- 3.1 The Sub-Committee meets every three months or as required on the second Monday of the month.
- 3.2 In the event that Monday is a public holiday, the meeting will convene on the Tuesday of the same week.
- 3.3 Meetings of the Sub-Committee will be held in the Committee Rooms, 12 James Street, Salisbury.
- 3.4 In accordance with Section 87 of the *Local Government Act*, a minimum of three clear days notice of an ordinary meeting will be provided to members of the Sub-Committee.



Strategic Property Development Sub Committee

- Terms of Reference -

Endorsed by Council: 27 January 2015 / July 2015 *(addition of clause 4.3 + amendment of clause 4.4)*

Review Date: November 2016

- 3.5 Public notice of meetings will be given through publication of the annual meeting schedule on the City of Salisbury website. A copy of the Notice of Meeting and Committee Agenda will also be displayed on a monthly basis at 12 James Street, Salisbury.
- 3.6 Members of the public are able to attend all meetings of the Sub Committee, unless prohibited by resolution of the Committee under the confidentiality provisions of Section 90 of the *Local Government Act*.

4. Membership

- 4.1 The membership of the Strategic Property Development Sub Committee comprise Elected Members as nominated by Council.
- 4.2 The alternate Ward Councillor is appointed as a deputy member to the Strategic Property Development Sub Committee and in the absence of the appointed member will act as a full member of the Sub Committee.
- 4.3 All members must attend meetings and where unable to do so, must provide an apology prior to the meeting. Where possible advice of an apology should be provided direct to the alternate Ward Councillor to facilitate their attendance in place of the appointed member. Ward Councillors are invited to attend for projects in their ward but are not voting members.
- 4.4 Members of the Sub-Committee must comply with the conduct and conflict of interest provisions of the *Local Government Act*. In particular, Sections 62 (general duties), 63 (code of conduct) and 73-74 (conflict of interest, members to disclose interests) must be adhered to.

5. Chairman and Deputy Chairman

- 5.1 The appointment of a Chairman will be made by the Council for a term determined by the Council.



Strategic Property Development Sub Committee

- Terms of Reference -

Endorsed by Council: 27 January 2015 / July 2015 *(addition of clause 4.3 + amendment of clause 4.4)*

Review Date: November 2016

- 5.2 The Deputy Chairman will be appointed at the first meeting of the Committee for a term determined by the Sub-Committee.

6. Voting Rights

- 6.1 All members have equal voting rights. A question arising for a decision will be decided by a majority of votes cast by all members present.
- 6.2 Each member must vote on a question arising for a decision.
- 6.3 The Chairman has a deliberative vote, but does not, in the event of an equality of votes have a casting vote.
- 6.4 In the event of an equality of votes, the matter must be referred to the parent committee for decision.

7. Meeting Procedures, Minutes and Documents

- 7.1 All meetings of the Sub-Committee will be held in accordance with the *Local Government Act 1999* (and relevant Regulations), the City of Salisbury Code of Practice for Meeting Procedures and the City of Salisbury Code of Practice for Access to Meetings and Documents.
- 7.2 Minutes will be kept of the proceedings at each Sub-Committee meeting. Members of Council will be provided with a copy of all minutes of the proceedings of this Sub-Committee within five days after a meeting.
- 7.3 Members of the public have access to all documents relating to the Sub Committee unless prohibited by resolution of the Committee under the confidentiality provisions of Section 91 of the *Local Government Act*.

8. Quorum

- 8.1 A quorum shall be determined by dividing the total number of members of the sub-committee by two (ignoring any fractions) and adding one. For a sub-committee comprising 8 members, the quorum is 5 (that is, 8 divided by 2 = 4 + 1).



Strategic Property Development Sub Committee

- Terms of Reference -

Endorsed by Council: 27 January 2015 / July 2015 *(addition of clause 4.3 + amendment of clause 4.4)*

Review Date: November 2016

9. Reporting Requirements

- 9.1 This Sub-Committee reports to the Works and Services Committee.
- 9.2 The Sub-Committee shall make whatever recommendations to the parent committee it deems appropriate on any area within its Terms of Reference where in its view action or improvement is needed.
- 9.3 Recommendations made by the Sub-Committee will be referred to the next meeting of the parent committee, through presentation of minutes, for recommendation to Council for final resolution.

ITEM	2.2.1
	WORKS AND SERVICES COMMITTEE
DATE	10 December 2018
HEADING	The Salisbury Home and Community Services Business Model Project (Aged and Disability Services) post 2020
AUTHOR	Vesna Haracic, Manager Community Health & Wellbeing, Community Development
CITY PLAN LINKS	3.1 Be an adaptive community that embraces change and opportunities. 3.3 Be a connected city where all people have opportunities to participate. 4.2 Develop strong capability and commitment to continually improve Council's performance.
SUMMARY	<p>The Aged Care and Disability sectors in Australia are currently undergoing the most significant changes ever undertaken.</p> <p>These reforms have been implemented at a rapid pace over the last 2-3 years and this is expected to continue over the next 18 months with final changes currently scheduled for July 2020.</p> <p>This report provides an update on the "Home and Community Services Business Model Framework 2nd stage" report "Analysis of the Current Services Delivery Opportunities in the HCPP and NDIS programs".</p>

RECOMMENDATION

1. Information to be received.
2. Council note:
 - a. resolution (No. 2158/2017) requested staff explore detailed business options in relation the Aged care and NDIS services in light of funding changes by the Commonwealth and report back to Council in December 2018;
 - b. a full exploration of the Options has been unable to be achieved as a result of the failure of the Australian Government to provide any further details in relation to the Commonwealth Home Support Programme (CHSP) funding post 2020.
3. As a result of Commonwealth delays staff will report options for Council consideration in September 2019.

ATTACHMENTS

This document should be read in conjunction with the following attachments:

1. Analysis of the Current Services Delivery Opportunities in the HCPP and NDIS programs

1. BACKGROUND

- 1.1 Aged Care reform has been guided by the Productivity Commission Enquiry into an Ageing Australia (2011), The Commonwealth Government's Longer Living Better Report (2012), legislated reforms (2013) and the Increasing Choices in Home Care (2015) direction.
- 1.2 Of particular relevance to Local Government is the Increasing Choice in Home Care measure that aims to improve the way home care services are delivered by giving people greater choice and flexibility in the services they receive. Consumers will be able to direct their care services through the Consumer Directed Care 'CDC' – an approach which will fundamentally change the avenues which older Australians access funding and services.
- 1.3 Currently the date scheduled for a full implementation of the Commonwealth Government's reforms is from July 2020. This final implementation stage will have significant implications for service providers, their roles and the positive impact services have on the health and wellbeing of communities.
- 1.4 The City of Salisbury has been a leader in the provision of home and community services for almost three decades. The Community Health and Wellbeing (CH&W) division has been undertaking transition planning since 2012.
- 1.5 This work has involved continuously transforming the way we deliver services, such as using co-design approaches with a focus on independence and consumer direction, consumer choice and control. The Community Health and Wellbeing division has focused on training staff and volunteers to ensure they have appropriate skills and knowledge to provide services in a new aged care environment.
- 1.6 Salisbury Home and Community Service is the council's largest externally recurrent funded program with over \$2 million per annum external funding. In the period of 1 July 2015 to 30 June 2018 the program supported over 5000 people to remain living independently at home and actively participating in the community.
- 1.7 The range of services and programs delivered through Home Assist, Jack Young Centre (JYC), Para Hills Centre and Pine Lakes Centre are well established and widely known. These have become recognised and reputable services within the City. In the period 1 July 2017 to 30 June 2018 the program supported approximately 3000 customers with 210,000 units of services.
- 1.8 Our Senior Centers hold memberships of over 1200 annually. Approximately 600 older people visit the JYC on a weekly basis. We provide approximately 400 dine in meals a week, and sell about 110 frozen meals per week to local older people and people with disability.

- 1.9 Approximately 120 older people visit the Para Hills Centre every week, and the Monday and Friday groups offer social connection and a meal for the more frail members of our community, which totals approximately 300 units of support per week.
- 1.10 In the last financial year, Home Assist supported 1850 customers with over 100,000 units of services involving domestic assistance, home maintenance, home modifications, support with accompanied shopping and transport.
- 1.11 In addition to the services delivered through the home assist and social programs significant community benefit has been derived from the valued added activities developed with CHSP funding over many years. These include a range of Living Well initiatives (Heart Foundation Walking Groups, City of Salisbury Cycling, Health Education and Screening, Creative Arts events etc.) that have contributed to enhanced wellbeing outcomes for hundreds of Salisbury residents.
- 1.12 Over the last 9 years the social programs have engaged over 800 community members from Culturally and Linguistically Diverse Communities (CaLD), supporting them to participate, integrate and contribute to the City of Salisbury. This work of has been broadly recognised through numerous local and state awards.
- 1.13 The Community Health and Wellbeing division employs 32 staff and engages 42 local businesses and 170 volunteers who support the delivery of services. This engagement strategy supports linkages to and employment for local people and expands our service delivery skill base.
- 1.14 The City of Salisbury Ageing Strategy 2015-2020 - 'Age Friendly Salisbury' which was endorsed by the Council in October 2015 provides clear direction for the Council in ensuring that older residents of Salisbury have the opportunity to live in a supportive environment, have access to services and community connections and have a voice in the issues that affect their lives.
- 1.15 The Community Health and Wellbeing division is recognised for its excellent work in delivering programs and services to older people, advocating for the delivery of appropriate initiatives within the region, and for providing a welcoming and supportive environment.

2. TIMELINES

- 2.1 Initially the date scheduled for full implementation of the Commonwealth Government's Aged Care reforms was 1 July 2018. However, the Commonwealth Government extended the Commonwealth Home Support Programme funding until 30 June 2020.
- 2.2 The National Age Care reform commenced in July 2015. Key information about a single National Home Care Program scheduled for release in July 2018 did not eventuate.

- 2.3 The reform context is reshaping how organisations manage their strategic planning. Traditional long-range detailed strategic planning is being replaced by flexible strategic positioning – adopting a place in the market which brings customers to your organisation.
- 2.4 The Community Health and Wellbeing (CH&W) division has been working on a project in partnership with the City of Playford since late 2016 to develop the Home and Community Services Business Model Framework. This is a joint partnership project to consider the transition options for community aged care and disability services past 2020, and to proactively manage the impact of Age Care and Disability sector reforms.
- 2.5 In 2017 Council resolution (No. 2158/2017) requested staff were to explore a the following options;
- 2.5.1 Option 1 – Expand the current services scope volume. Continue to provide the current low-level home support and group programs for both aged and disability services.
- 2.5.2 Option 2 - Diversify into new service areas. Grow and diversify to offer the current service mix across all aged and disability services, but retain the low-risk criteria (low-level home support and group programs).
- 2.5.3 Option 3 - Hybrid service, continuity and diversification: The Council:
- (a) Funds and directly provides a limited scope of baseline services (eg. social programs operating in the Jack Young Centre), and
 - (b) Transfers all other service delivery (both current and potential future mix) to a separate business unit.

3. CONSULTATION / COMMUNICATION

- 3.1 Internal
- 3.1.1 General Manager, Pippa Webb , Community Development
- 3.1.2 CH&W Leadership Team
- 3.1.3 Kate George, Manager Financial Services
- 3.2 External
- 3.2.1 Greg Adey, Director g88 Consulting
- 3.2.2 City of Playford
- 3.2.3 Michael Kelledy Lawyer, KelledyJones Lawyers

4. REPORT

- 4.1 City of Salisbury has been considering implications of the Commonwealth Home and Community Care reforms on the sustainability of their operations and has worked collaboratively with the City of Playford.
- 4.2 The City of Salisbury engaged a consultant to provide advice in relation the options for the aged and disability services council currently provides. The central aim of the project is to ensure that older people and people with a disability in Salisbury have the best opportunity to achieve wellbeing through maintaining independence and social connections in our flourishing city.

- 4.3 Stage 1 of the report was presented to the Council at the Works and Services Committee meeting held on 20th November 2017, endorsed by the Council on 27th November 2017. There was a Resolution of Council (No.2158/2017) for the Community Health and Wellbeing division to proceed in developing a detailed business plan for three options, which will impact future service delivery of both disability and aged care services under the reforms (see Section 2.5 for full description)
- Option 1 – Expand the current services scope volume.
- Option 2 - Diversify into new service areas.
- Option 3 - Hybrid service, continuity and diversification
- 4.4 At the time of this resolution it was expected that the Australian Government would make decisions regarding the detailed arrangements for the funding of Aged Care and that this information would be available in mid-2018.
- 4.5 The Australian Government has not released any further details since the November 2017 Work and Services Report to the Council which has made it difficult to develop and make detailed business decisions. Costing could not fully and accurately be calculated as the rules regarding the model and funding sources is yet to be defined.
- 4.6 This expectation to have more detailed information for the future of the Commonwealth Home Support Programme (CHSP) funding post 2020 by July 2018 to be able to make an informed decision on future funding and services delivery options have not been met by the Australian Government.

Aged Care - Impact of reforms:

Stage 2 report is attached for reference and a summary is provided below

- 4.7 Although the operating context for the changes is stabilising, the reforms are still “unfinished business” and some uncertainty remains. Timing of reforms has been affected by the recently announced Aged Care Royal Commission, the terms of reference which include enquiring how best to deliver aged services care in a sustainable way.
- 4.8 There are large waiting lists for people waiting to access their approved packages (over 120,000 people currently across Australia), and due to an imbalance in the funded package mix, people are often being allocated lower packages (or interim CHSP services) than their assessed needs. To address the excess demand, in October 2018 the Government announced that they would allocate an extra \$100mil to CHSP services over two years. This suggests that the cost-effectiveness of CHSP-type services is being increasingly recognised, which will presumably influence the eventual 2020 merger model of CHSP and HCPP.
- 4.9 The complexity of establishing a single home and community-based care program means that issues such as block funding remain unresolved.

- 4.10 There are indications that the regulators clearly understand the significant value of the Local Government sector in the provision of home and community aged care services, and the positive impact council services have on the health and wellbeing of communities.
- 4.11 In October 2018, all Commonwealth Home Support Programme service providers received a Growth Funding offer which may indicate that a block funding model is being recognised as an important part of the future funding mix.
- 4.12 As it is still unclear how the Aged Care reforms will affect services there is a risk in making decisions without having full information from the Commonwealth.
- 4.13 It is possible that some services may be subject to “Block” funding however the timing and nature of the model is still unknown.
- 4.14 It would be premature for staff to make recommendations to Council until more details are known, regarding model costings to ensure implications can be fully considered.

National Disability Insurance Scheme - Impact of reforms:

- 4.15 Utilisation rates of individual participants budgeted plans are currently only about 59%, which reflects a market in its infancy. It also highlights the business opportunity for Providers with something of value of offer to NDIS customers.
- 4.16 NDS estimate that over 50% of listed Providers are not active – they are just watching how the market moves at this stage. Many will exit rather than face the quality and compliance requirements.
- 4.17 On 1 July 2018 South Australia and NSW became the first States in Australia to implement the new NDIS Quality and Safeguarding framework.
- 4.18 With the recent establishment of the NDIS Quality and Safety Commission, the strengthening of regulatory controls, and the implementation of new accreditation standards in July 2019, providers are facing increased costs of compliance and stronger governance systems. These are impacting on delivery of current services, and require some attention over the coming months, to continue in service provision.
- 4.19 Similarly to the Aged Care reforms it would be premature for staff to make recommendations to Council until more details are known.

Current status - Business Case Options findings

- 4.20 The CH&W division has been using the current transition period to explore services delivery models for options 1, 2 and 3 (in part).
- 4.21 The CH&W division has been working with the finance division on financial scenario modelling and analysing our cost structures.

- 4.22 Option 3 could not be fully explored as the business unit costings could not be accurately calculated without the necessary input/ decisions from the Commonwealth regarding the future model.
- 4.23 Currently CH&W is trialing Option 2 elements by expanding some current home assist services into NDIS, in order to test the cost recovery scenarios and markets in order to project potential revenue streams and build the business model scenarios.
- 4.24 Implementing a leaner unit cost through a restructuring of the workforce and other fixed costs in this current transitional stage supports readiness for future reform implementation without locking council into a position.
- 4.25 Based on our current modelling, noting that the model is yet to be fully articulated, Option 1 can only be sustained during the current transitional stage. This option requires block funding for long term sustainability. At this stage it is possible that some elements of the model may be subject to block funding, however until more is known it is not possible to develop a business case for the changes.
- 4.26 Opportunities under this scenario continue to be explored, and Council is:
- increasing its understanding of the evolving consumer-driven market;
 - learning how we can build commercial relationships with providers of both NDIS and HCPP to increase the utilisation of Council programs and infrastructure on a fee-for-service arrangement. Although budgets are essentially customer-controlled, providers are still key influencers in offering and recommending choices about how packages could be spent most effectively;
 - monitoring demand and requests for Council-delivered services;
 - undertaking financial modelling to test the capacity of providing our current service mix to a broader range of customers (both older people and people living with a disability).
- 4.27 Although there are a few positive indications that some type of block funding of services may still be part of the future government community programs post the 2020 reforms, a competitive tender is likely to run to allocate the funding.
- 4.28 Consequently, this option is emerging now as only viable in a transition stage.
- 4.29 Option 2 is also only viable in the transitional stage and does allow for testing the market by diversifying services to include applicable NDIS Home Assist services, standard fees, and exploring the capacity to expand into Home Care Packages. Using the transition stage to provide further financial and market information will help inform the development of business case and also ensure that the confidence levels in the data are higher as the markets mature and the policy environment becomes more certain.
- 4.30 Option 2 has been comprehensively analysed (refer to the Analysis of the Current Services Delivery Opportunities in the HCPP and NDIS programs Report attached). Despite some persistent levels of uncertainty about the detail of future government reforms, implementing a leaner unit cost for services would be required.

4.31 Option 3 establishing a separate business unit/ regional subsidiary would also require:

- Council commitment to a regional approach with the City of Playford to achieve the required economies of scale;
- Market analysis and detailed financial analysis to model the option of only providing social programs from the Jack Young Centre.

4.32 The Social Activities and meals portion of Salisbury Home and Community Services provides a realistic assumption of income expected without block funding based on 2017-18 customer contributions. A reduction in expenditure would need to be reviewed, together with a revision of the service scope. The current block funding for social support group activities is \$878,860 per annum and \$241,625 for meals per annum, total of \$1,120,486 per annum. Loss of all or percentages of this funding base will determine future staffing structure and service delivery level.

4.33 Council currently allocates to \$280,000 to Salisbury Home and Community Services. This will need to be utilised to deliver a limited scope of baseline services.

4.34 As the model becomes clearer the full costing and business case for this option will be able to be developed. Further exploration of a separate business unit or subsidiary will be undertaken in preparation for future.

4.35 The key elements which would underpin this scenario are still emerging and are unresolved:

- There is no clear picture of the 2020 reforms and the impact on this specific business model;
- Proceeding to a separate business unit would principally be dependent on demonstrating the success and viability of the Option 2 ‘diversification’ model.

Home and Community Services Business Model Framework, Stage 2 Report

4.36 Stage two report recommends Salisbury and Playford Councils collaborate to deliver relevant Home and Community services for older adults and for people with a disability to achieve mutually-beneficial outcomes.

4.37 Partnership with Playford will enable sharing of financial resources for the tasks involved in the analysis of similar systems and services. The cost related to undertaking this activity, for City of Salisbury, is approximately \$57,445 over 12 months period, which can be accommodated within existing budgets.

4.38 This will enable Council to respond to options of potential block funding, or a mix of block funding with some individually funded services or any other combination. This would also allow full consideration of other options as requested by council, including exit from the programs and/or considerations regarding Council funding for a base level of services.

5. NEXT STEPS

5.1 It is proposed that staff continue to work towards understanding the options and continue to undertake business case modelling of the more viable options explored so far, and that a report be brought to Council with options in September 2019. In the interim, further market entry analysis will address a number of key issues such areas as:

- understanding each ‘market segment’ and how to consolidate it or grow it;
- identifying specific areas where Salisbury and Playford Councils can collaborate
- ‘customer-centred’ service culture, with specific training for all staff;
- converting the maximum number of enquiries into customers (a ‘sales’ result to reward the marketing effort);
- monitoring of regional competitors and industry trends, including ‘new entrants’

6. CONCLUSION / PROPOSAL

6.1 Staff continue to undertake a staged process of option development.

6.2 Staff continue to develop a comprehensive business case for Council consideration in September 2019.

6.3 Council note that in developing the future business model consideration will be given to the impact on the loss of services and value added activities as a result to going to a competitive arrangements.

CO-ORDINATION

Officer: Executive Group
Date: 03/12/2018



HOME & COMMUNITY SERVICES

**Analysis of the current
service delivery opportunities
in the HCPP and NDIS programs**

November 2018

Report prepared by **g88consulting**



Strong foundations, confident future

Page 1 of 26

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Disclaimer: Although all reasonable effort has been undertaken, *g88 consulting* is not able to guarantee that all issues of relevance nor all applicable risks have been identified. *g88 consulting* is not able to guarantee that by addressing the recommendations contained in this report that the client will achieve their objectives, since implementation and future events are beyond the control of *g88 consulting*.

Executive Summary:

Australia's comprehensive reforms of its social health system are significantly changing how services are provided to older people and to people living with disability. This paradigm shift is guided by the common principles of individual choice and control, living well, health promotion, service quality and market competition between providers.

Both the City of Salisbury and the City of Playford currently provide a range of home and community services which are transitioning to the new government funding arrangements:

- *Commonwealth Home Support Program (CHSP)*: in 2020 these low-complexity services supporting older people are scheduled to merge with the *Home Care Package Program* (both low and high complexity care);
- Services for people with disability are already transitioning to the *National Disability Insurance Scheme (NDIS)*

The Councils are collaborating to assess, respond and plan how Council-led community services and infrastructure can adapt positively to this new world, ensuring the optimum outcome for both individuals and broader community capacity-building.

The Councils are currently contracted by the Commonwealth Department of Health (DoH) until July 2020 to deliver Commonwealth Home Support Services Programme (CHSP) services in their local government areas. Post this date it is expected that DoH will move to a market-based funding model in line with consumer directed care.

The Stage One report (2017) identified a range of business model options which are aligned with the strategic direction of both Councils, and which balance *embracing opportunity* with *due diligence* and risk management. The Councils' health and community project team is continuing to assess those agreed options.

As part of this continuing work plan, this Stage Two report was commissioned to explore the following business model options:

Option 1 – Expand the current services scope volume. Continue to provide the current low-level home support and group programs for both aged and disability services.

Option 2 - Diversify into new service areas. Grow and diversify to offer the current service mix across all aged and disability services, but retain the low-risk criteria (low-level home support and group programs).

This option relates to two current government-funded programs:

- Home Care Package Program – HCPP: for older people;
- National Disability Insurance Scheme – NDIS: for people living with a disability.

Option 3 - Hybrid service, continuity and diversification.

The Council:

(a) Funds and directly provides a limited scope of baseline services (e.g. social programs operating in the Jack Young Centre), and

(b) Transfers all other service delivery (both current and potential future mix) to a separate business unit

Both Councils have formal government 'approved provider' status to operate these programs, and both Councils are experiencing demand from community members to directly provide services which are funded under these programs. However to successfully operate in these service domains would require a number of adaptations and new processes.

The specific Stage Two project objectives were:

- provide an updated market entry analysis identifying opportunities and barriers
- analyse shared service delivery options between both Councils
- make recommendations regarding the business case feasibility for the Councils to diversify into HCPP and broader NDIS service delivery.

The project scope did not include a detailed micro-business case analysis. The goal was to provide the Councils' health and community services (H&C) management team with the key information needed to progress towards a preferred option.

Option 1 is now proving to only be applicable in the transitional stage that councils are currently operating in. This option requires block funding for long term sustainability.

Option 2 is also applicable in the transitional stage with testing the market by diversifying services to include applicable NDIS Home Assist services, standard fees, and exploring the capacity to expand into Home Care Packages.

Stage two of this report focused on identifying the elements required to deliver home care packages and further expand NDIS services.

Exploring option 3 is considered to be premature and it would be prudent to await future information from the Commonwealth about future direction of CHSP and/or the CHSP/HCPP merger model. However, further exploration of a separate business unit or subsidiary will be undertaken in preparation for future.

Summary of key findings:

- There is a sound business case for the Councils to diversify into low level HCPP and broader low complexity NDIS services [pg. 23].
- To remain active in low level service delivery after the 2020 CHSP/HCPP merge, this will still require comprehensive business transformation and additional resources.
- Council cost structure are higher therefore business transformation will be required and future exploring separate business unit or regional subsidiary with Playford will be an opportunity to share resources, pending the outcome of the 2020 reforms,
- It is forecast that these future CHSP-type programs will be allocated and operated on a competitive market basis. In making these internal operational changes in preparation for 2020, the Councils will also be addressing the business model required to deliver low complexity care and support services under HCPP and NDIS.
- Establishing an effective business model where Council only delivers low level / low complexity services will consequently require a business partnership model where the contracted agency provides the higher complexity services. Partnering with a large experienced provider could also bring other significant value-adds to the region.

- Subject to a completing the internal financial scenario modelling there is no reason for Council not to diversify into expanded services delivery areas. Council can decide to exit from these expanded services at any time, with a planned exit transition strategy. At this stage, although it is premature to continue exploring Option 3 which involves the development of an independent business unit, we need to continue working on exploring this option in this transition stage to fully understand implication in 2020. Once the required business transformation systems are embedded and the outcomes of the 2020 market reforms are implemented, serious consideration could be given to this option.
- If Councils decide to remain in CHSP services delivery post 2020, they will need to assess if the Competitive Neutrality (CN) Policy applies and if so how to best comply with the Policy: corporation, commercialisation or full cost reflective pricing.

Recommendations:

It is recommended that the Councils:

1. undertake a staged process to identify the business transition requirements to diversify into both HCPP and NDIS services, pending positive internal financial scenario modelling;
 2. commit to developing collaborative home and community services arrangements which improve their effectiveness and efficiency, while recognising each Council's individual strategic and operational priorities;
 3. undertake Competitive Neutrality assessment of Councils' CHSP services.
-

This report is indebted to the invaluable experience, commitment and insights of the Project Team:

City of Playford:

Karen Fullager
Maria Callander
Noel Fay

City of Salisbury

Vesna Haracic
Sue Leckie
Bev Brooker
Leslie Wightman

Additional background information related to this project is provided in the Stage One report

“Home & Community Services Business Model Framework – Confidently managing future challenges and opportunities” (2017).

Abbreviations:

CALD:	Culturally and Linguistically Diverse
CHSP:	Commonwealth Home Support Programme
H&CS:	Home and Community Services
HACC:	Home and Community Care program (a version of CHSP in some states)
HCPP:	Home Care Package Program
ICT:	Information and Communications Technology
MAC:	My Aged Care
NDIS:	National Disability Insurance Scheme
NDS:	National Disability Services (peak body)

Background

The Stage One 'H&C Business Model Framework' report identified several options for the future delivery of home and community services. In November 2017, City of Salisbury council recommended that three of the identified options be further explored:

Option 1 – Expand the current services scope volume. Continue to provide the current low-level home support and group programs for both aged and disability services.

Option 2 - Diversify into new service areas. Grow and diversify to offer the current service mix across all aged and disability services, but retain the low-risk criteria (low-level home support and group programs).

This option relates to two current government-funded programs:

- Home Care Package Program – HCPP: for older people;
- National Disability Insurance Scheme – NDIS: for people living with disability.

Option 3 - Hybrid service, continuity and diversification.

Council:

- (a) Funds and directly provides a limited scope of baseline services (e.g. social programs operating in the Jack Young Centre), and
- (b) Transfers all other service delivery (both current and potential future mix) to a separate business unit

Key findings

Option One

Expand the current services volume [low-level support services, primarily in a group setting]: Continue to provide the current low-level home support and group programs for both aged and disability services

Opportunities under this scenario continue to be explored, and Council is:

- Increasing its understanding of the evolving consumer-driven market;
- Learning how we can build commercial relationships with Providers of both NDIS and HCPP to increase the utilisation of Council programs and infrastructure on a fee-for-service arrangement. Although budgets are essentially customer-controlled, providers are still key influencers in offering and recommending choices about how packages could be spent most effectively;
- Monitoring demand and requests for Council-delivered services;
- Undertaking financial modelling to test the capacity of providing our current service mix to a broader range of customers (both older people and people living with a disability).

Although there are a few positive indications that some type of block funding of services may still be part of the future government community programs post the 2020 reforms, it is expected to be a competitive tender.

Consequently, this option is emerging now as only a *transition* stage.

It is not an option in a fully individualised funded model, however will be an option if block funding is still available post 2020.

Financial modelling using a competitive market rate against the 2016/17 service outputs and fixed costs concluded that in order to be viable in a proposed market based environment it will be necessary to significantly reduce workforce costs and other fixed costs.

Comparing the 2016/17 unit costs for each service type against the competitive market rate provides an indication of the reduction necessary. This varies between service types depending on the variables within each service type. For example, domestic assistance has minimal variables therefore a standard percentage reduction in the unit costs could apply. However, home maintenance services have many variables due to the wide scope of the service, therefore innovative service delivery options in addition to a reduction of workforce costs and fixed costs are necessary. Some services were identified as being considered out of the scope of future services delivered, for example home modifications where there is significant administration for minimal return and it is a service that is clearly not sustainable in a future model.

Applying a competitive market rate to social support services and meals delivered at centres needs to be carefully considered in terms of affordability and participation and connectivity barriers. The financial modelling indicates that block funding is required to continue to deliver the current scope of programs at the senior centres.

Implementing a leaner unit cost through a restructuring of the workforce and other fixed costs in this current transitional stage will support readiness for future reform implementation.

Option Two

Diversify into new service areas [grow and diversify services into both the HCPP and NDIS sectors, while retaining a focus on low-level low-risk support services]:

This option has been comprehensively analysed in this report. Despite some persistent levels of uncertainty about the detail of future government reforms, there is a strong business case for Council to continue to progress this opportunity. This option positions Council to retain its current services role and to optimise its investment in community infrastructure. This option requires transformation of the current business systems to be able to compete in consumer driven market.

The competitive market rate used in the financial modelling has been compared with the published price lists of HCPP providers to confirm it is a competitive rate. Therefore, developing a unit costing methodology, that complies with competitive neutrality, in order to maintain a competitive market rate is required to identify an accurate business case analysis.

StewartBrown national aged care benchmarking provides sector data on workforce and financial performance comparisons of a large number of HCPP providers in Australia. The latest report informs that HCPP providers have experienced deterioration in operating results for FY18 indicating that the profit margin has reduced.

No sector data is available for NDIS revenue or profitability at this stage. NDIS registered providers are subject to regulated costs which are proving to be challenging for some low-level services.

Implementing a leaner unit cost for services delivered is vital to further explore the viability of this option.

Option three:

Hybrid services [combination of a small base of Council services and the establishment of a separate business unit for in-home and other community services]:

The Council:

- (a) Funds and directly provides a limited scope of baseline services (e.g. social programs operating in the Jack Young Centre), and
- (b) Transfers all other service delivery (both current and potential future mix) to a separate business unit.

It is now clear that this option is premature, and it is recommended that any further analysis of this option be deferred until mid-next year if further information is available from the Commonwealth on the future reform. The key elements which would underpin this scenario are still emerging and are unresolved:

- There is no clear picture of the 2020 reforms and the impact on this specific business model;
- The future model of social programs provided by council will be dependent on the funding available post 2020 e.g. council funding or mix of council and block funding;
- Proceeding to a separate business unit would principally be dependent on demonstrating the success and viability of the Option two ‘*diversification*’ model and cost structure ;
- The internal financial modelling to date identifies that current Council cost structures are a barrier. Although it is recognised that Council staff costs and overheads are higher than other service providers, it is not yet clear whether this can be managed within a Provider collaboration model using the diverse HCPP and NDIS revenue streams; and
- Establishing the hybrid option with a separate business unit/ regional subsidiary would also require:
 - Council commitment to a regional approach with the City of Playford to achieve the required economies of scale;
 - Detailed financial analysis and community engagement to model the option of only providing limited social programs from the Jack Young Centre.

The current block funding for social support group activities is \$878,860 per annum and \$241,625 for meals per annum, total of \$1,120,486 per annum. Loss of all or percentages of this funding base will determine future staffing structure and services delivery level.

Council currently allocates to \$280,000 to Salisbury Home and Community Services. This will need to be utilised to deliver a limited scope of baseline services.

Next Steps

Currently both councils are operating and trailing in some degree - Option 2 to *'grow and diversify into new service areas'*. To be fully operational this scenario would see the Councils diversify to offer the *current* service mix in an expanded scope across both disability and aged services, while retaining the low-risk criteria. This diversification would include (a) the provision of HCPP low level packages and partnership arrangements for high level packages, and (b) low-level home and community support for people with disability.

This report explores in more detail the feasibility of Option 2 as a base of transitioning into Option 3, to determine whether the Councils should proceed with confidence, or to exclude Option 2 and 3 from any further consideration.

An important step over the next 18 months for the CH&W division will be to prepare transitional requirements for Options 2 and 3. This will require a comprehensive business transformation and restructuring of staffing arrangements.

However, with implementing this step, the CH&W division will be fully prepared to meet Commonwealth Home Support Programme funding reform requirements through an integrated business plan and will be able to respond to options of possibly accessing block funding in CHSP, or a mix of block funding with some individually funded services.

Councils will continue to use the transitional period until July 2020 to further explore operational elements of all identified options and fully prepare business operations to meet the Commonwealth Home Support Programme final change requirements currently scheduled for July 2020.

Overview of competitive neutrality

Legal opinion is being sourced to ensure that Council is able to achieve compliance with the National Competition Policy (NCP) if required. If compliance with the NCP is required, a 'no advantage' approach will need to be adopted by Councils – meaning they must adopt full cost allocation budgets (including corporate overhead recharges, rent) when setting prices for services. This is necessary to ensure that there is no significant financial cross-subsidisation with the intention to affect prices in the competitive market. The appropriate use of volunteers is not precluded.

In principle, compliance is achievable. However formal legal opinion and assessment should form part of any formal recommendation to Council in the future.

The principle of competitive neutrality aims to ensure that "significant" government businesses, including significant business activities of councils, do not enjoy any net competitive advantages simply as a result of their public ownership and therefore aims to ensure that Council businesses operate on a fair and equitable basis.

There are three ways in which Councils can comply with competitive neutrality:

- Full cost reflective pricing – includes all direct, indirect costs and advantages of public ownership such as tax exemptions (and applies to all three competitive neutrality measures);
- Commercialisation – separate regulatory functions from direct service delivery;

- Corporatisation - establish a new business entity (alone or with other Councils).

In the 'transition period', the Council is not and, for the next two years will unlikely be, in a position to accurately determine and, if necessary, to comply with NCP principles in respect of the Services. However it is recommended that Council continues to monitor and undertake appropriate analysis of the emerging market so it can determine whether the provision of the Services may, at a later date (once the transition to market-based funding is complete), constitute a significant business activity and, if so, what if any the competitive neutrality measure(s) should be implemented in the continued delivery of the Services.

The current intention is to adopt cost reflective pricing, as far as is reasonably possible, irrespective of whether the Council is required to do so. This is a prudent risk management approach that is consistent with recommendation from council's lawyers, particularly as it will demonstrate that the Council is taking/has taken steps to properly and reasonably consider the effect of the NCP on the Services and its obligations as a provider of the Services.

Each council will be required to undertake Competitive neutrality assessment of Councils' CHSP services to determine:

- Are Councils CHSP services a significant business?
- Do the expected benefits of implementing competitive neutrality outweigh the costs?
- Is it in the public interest to continue to implement full cost reflective pricing?
- Impact of full cost reflective pricing on demand for Councils' services.

MARKET ENTRY CONSIDERATIONS

The market entry analysis addressed a number of key issues:

- latest market trends
- the Councils' target market
- opportunities and risks
- partnerships with other service providers
- resourcing the service growth thresholds
- current sector financial issues
- key marketing and sales themes.

General findings

Whatever the final configuration of the 2020 merged CHSP/HCPP program, there is one critical message for service providers and it's all about transforming current business systems to be able to compete for revenue in a customer-driven market.

Workplace cultures and operating systems will have to be redesigned around the individual's changing community aged or disability care journey, delivered cost effectively to provide high quality outcomes, and priced to give competitive value.

So even for the Councils just to remain active in their current service domains will require significant changes. But the upside is that these changes to the operational status quo will also

position the Councils to effectively compete in diversified areas, within their areas of specialist expertise. It will also bring new opportunities to improve community wellbeing.

The reforms and operating context for both aged care and disability services is starting to stabilise, as service providers understand the new business rules, and customers familiarise themselves with their new choice and control. We are still at the front end of an evolving social services market, which can be expected to move through the following stages:

1-3 years	<ul style="list-style-type: none"> • Most Providers carry on as usual • Customers slow to realise their control • New Provider entrants build their capacity and expertise
2-5 years	<ul style="list-style-type: none"> • Innovative Providers emerge with larger market share • Customers shift to the innovators • Providers (large and small) either copy or drop out
5+ years	<ul style="list-style-type: none"> • Mature sector settles around the leading value-creators

The level of underspend in client packages in both sectors is significant (on average 40% in NDIS), and is indicative of the learning underway in these initial years. For a trusted Provider, gaining access to these underspent funds represents a significant opportunity.

The reform context is also reshaping how organisations manage their strategic planning. They are letting go of the need for certainty and focusing instead on learning and adapting. Traditional long-range detailed strategic *planning* is being replaced by flexible strategic *positioning* – adopting a place in the market which brings customers to you.

1. Current state of the market

Aged care - CHSP and HCPP:

- The operating context is stabilising, but with the reforms having “unfinished business” the sector will continue to face some uncertainty. Timing of reforms will also be affected by the recently announced Aged Care Royal Commission, whose terms of reference include an analysis of future funding and the optimum mix of aged care services.
- There are large waiting lists for people waiting to access their approved packages (over 100,000 people currently), and due to an imbalance in the funded package mix, people are often being allocated lower packages (or interim CHSP services) than their assessed needs. To address the excess demand, in October 2018 the Government announced that they would allocate an extra \$100m. to CHSP services over two years. This suggests that the cost-effectiveness of CHSP-type services is being increasingly recognised, which will presumably influence the eventual 2020 merger model of CHSP and HCPP.
- The complexity of establishing a single home and community-based care program means that issues such as block funding (like current Council CHSP services) remain unresolved.

However it seems certain that all these programs will be subject to competitive tender based on the Provider's experience, quality and price. Given that many large not-for-profit aged care providers already provide CHSP services, the competition for government-funded services currently provided by Councils will be strong.

- With the recent establishment of the Aged Care Quality and Safety Commission, the strengthening of regulatory controls, and the implementation of new accreditation standards in July 2019, Providers are facing increased costs of compliance and stronger governance systems.
- Where possible, many Providers are consolidating their share of CHSP services because they quite rightly see these clients as a strong long term customer pipeline to their other service offerings such as HCPP.

NDIS:

- The regulatory context is still being refined, and existing disability organisations are having to totally transform their business models, including:
 - ceasing unfunded work (“pulling back on mission creep”)
 - streamlining unfunded business processes (e.g. level of training, supervision)
 - restructuring their staff positions to align with the new NDIS service framework
 - modernising ICT systems cost effectively (e.g. in-house developments, effective base-level cloud software).
- Utilisation rates of budgeted plans are currently only about 59%, which reflects a market in its infancy. It also highlights the business opportunity for Providers with something of value of offer to NDIS customers.
- NDS estimate that over 50% of listed Providers are not active – they are just watching how the market moves at this stage. Many will exit rather than face the quality and compliance requirements.
- Large Providers with high overheads and reliant on block grants are finding it challenging. Not only are their business models inefficient, but they now find that a proportion of their traditional work is no longer funded under NDIS. Conversely, smaller Providers who were being squeezed by annual government contracts are finding that they may be better off under the NDIS pricing.
- The workforce models are undergoing significant changes, with Providers shifting away from the previous government expectation of a Certificate 3 qualified support worker, and looking at cost-effective ways to manage training, induction and supervision. There is also a shift to readjust the mix of permanent and casual staff until the contracted demand stabilises.
- Interstate NDS peak bodies advised that some Councils are collaborating to deliver NDIS services, and that use of volunteers is a core part of the disability services business model.
- Discussions with the City of Parramatta identified that they intend to diversify their NDIS programs, with individualised person-centred care driving their service model. They recognise the challenges and risks associated with financial management and meeting the

full range of client package scope. They noted that adapting to the new NDIS environment will strengthen their ability to compete with the 2020 CHSP reforms.

- In spite of initial caution, the NDS State Manager:
 - believes that there are opportunities emerging under NDIS for innovative Councils, including social participation and mainstream utilisation of Council services and infrastructure;
 - confirmed the strength of the Council brand in a competitive market;
 - believes that with the State government exiting disability service provision that clients are looking for a trusted service provider such as Local Government;
 - recommends the benefits of provider collaborations focused on bringing direct benefits to the local community, and the unmet opportunity for increasing client package utilisation rates through more comprehensive service offering;
 - cautioned about unfunded work with individual clients as a legacy of previous bulk funding arrangements;
 - suggested that consideration could be given by Councils to facilitate opportunities around NDIS accommodation housing (e.g. large scale property developers being required to add a small number of community houses available for NDIS clients under funded programs).
- On 1 July 2018 South Australia and NSW became the first States in Australia to implement the new NDIS Quality and Safeguarding framework.

In general, decisions by individual Councils nationally about whether to continue with service delivery of CHSP/HCPP and NDIS programs are determined by their capacity to reconfigure their business models and cost structures to enable them be viable and to compete in the reformed markets.

2. Councils' target market

Both Councils still have no appetite for expanding to provide high level complex services (e.g. nursing and allied health). The intention to remain in the 'low complexity' area emphasises the need for partnerships to be able to meet customers' expectations for seamless, integrated continuity of care (even if this outcome requires a mix of sub-contracted providers). This arrangement will need to be in place to meet both the client's longer-term changing care needs, as well as being able to meet the client's acute short-term episodes of ill-health.

The **HCPP** market for older people is still set to grow significantly, and many CHSP clients will naturally progress to requiring home care packages. It would be expected that most Council CHSP clients would want to choose Council as their HCPP provider, if they perceive Council as offering value for their preferred service mix.

NDIS the Councils are not seeking to expand to servicing younger clients in the CH&W division. The target cohort will be limited to adults and older adults. While there are currently no natural feeders bringing adult NDIS clients to the Councils, encouraging the mainstream utilisation of Council services and infrastructure by children and younger people with disabilities will position the Councils as potential service providers when they are older.

3. Opportunities and risks

Although traditionally most Councils have either not provided direct home and community care or have limited themselves to CHSP and a few low-level disability contracts, both Playford and Salisbury Councils have a long history of delivering a range of high quality home and community services. In addition, they have invested in infrastructure such as the *Grenville Hub* (currently undergoing a 'smart city' redevelopment) and the *Jack Young Centre*, which are both highly valued by their local communities.

Consequently, comparison with Council peers is not really appropriate when making business model decisions about future service options. The diversity of Council positions nationally can be seen in the following two examples:

- less than half a dozen Local Councils are currently registered nationally as NDIS Providers;
- Victorian Local Governments have routinely provided both CHSP (HACC equivalent) as well as the HCPP program (with Councils providing the low complexity services, and sub-contracting out the high-level care);
- When the HCPP was deregulated in February 2017 allowing older people to choose their own Provider for the first time, the City of Geelong HCPP services rapidly grew from 125 clients to 250, and now they are considering capping their service provision due to ongoing demand.

The option to diversify the current services to reach a broader client cohort presents a number of opportunities and challenges:

BENEFITS:

- Ability to service clients wanting to choose the Council as their preferred provider;
- Gives the Councils access to the recently deregulated HCPP and NDIS market and additional revenue;
- Relatively simple process to migrate current 'older persons' service expertise and resources into 'disability';
- Greater utilisation of the assets such as the *Jack Young Centre* and *Grenville Community Connections Hub*;
- Stronger community connections for seniors and inclusion of people with a disability;
- Pending financial modelling, it would be expected to generate additional surplus revenue for reinvestment by Council;
- Partnering with other agencies who could bring additional value-added benefits to the region;
- Council may offer to broker these diversified services on behalf of adjacent Councils.

Based on the flow of requests from Council residents, not providing these home care services could be seen as a missed opportunity.

RISKS:

- Some uncertainty of cash flow in a competitive market (to be managed by financial scenario modelling, effective marketing and a mix of flexible workforce arrangements);
- Partnership arrangements with other Providers would generate some risks related to shared accountabilities and practice boundaries, which would be mitigated through effective contract management;
- Operating risks for the Councils would be mitigated by limiting service delivery scope to areas of proven expertise.

4. Formal service partnerships

Home and community service clients expect a trusted Provider to be able to meet their long-term changing health and wellbeing needs, and will generally accept a mix of brokered services as long as their customer experience is seamless and well-managed. They will expect service integration without silos, and providers who are able to offer this will achieve higher package utilisation and higher revenue.

Establishing an effective business model where Council only delivers low level / low complexity services will consequently require a business partnership model where the contracted agency provides the higher complexity services. As noted above, the Local Government sector in Victoria has been providing Home Care Packages through partnership arrangements for a considerable period, so these precedents demonstrate that this arrangement can work effectively.

Key principles for working in service partnerships:

There are a number of partnership considerations that the Councils would need to formally assess and manage:

- compliance with Council procurement policies and procedures;
- long term relationships which add value to the Councils' strategic and operational objectives;
- clear understanding of the mutual benefits;
- alignment of goals, brand, quality outcomes and trust;
- effective governance and leadership;
- defined roles, responsibilities and resourcing;
- strong contract management systems and capacity.

There are a number of 'business collaboration' contract models, from simple sub-contracting, shared service agreements, and preferred Provider panels through to joint ventures. The major options are outlined in the resource *'A Guide to Business Collaborative Contracting'* (Government of South Australia, 2012) which has been distributed to the project team. It was also noted that the scope of partnership arrangements can evolve over time as shared service relationships develop and new business opportunities emerge.

Exploratory partnership meetings:

To gain a clearer understanding of how such partnerships could work and their perceptions of the environment, exploratory meetings were held by the project team representatives with two providers:

- ACH Group (full range of aged care services, and some NDIS)
- CARA (NDIS).

These discussions were ‘in principle’ only, and do not represent an intention to proceed with a formal or informal business relationship with any organisation.

ACH Group:

Key messages from ACH included:

- the essential requirement to completely reshape service culture and systems to meet changing customer expectation and the reform environment;
- the importance of a long term collaborative relationship with the Councils based on shared goals for the northern region. Home and community service partnership would form a part of this;
- value-adding services, not duplicating and competing;
- developing an integrated community service continuum with seamless transition for clients;
- ACH initiatives, experience, workforce, operational systems and research which could support the Councils goals; and
- the benefit of commencing a service mapping exercise with the Councils.

Detailed notes from this meeting are contained in the Appendices.

CARA:

Key messages from CARA included:

- the critical need to plan and invest in the transformation of the organisation’s business systems and infrastructure enablers (e.g. ICT);
- CARA are focused on being a positive contributor to people’s lives, not just episodic service agents;
- clients are increasingly seeking Providers who are able to meet all of the needs on their budgeted service package;
- Providers must have strong unit costing and a clearly defined service ‘products’;
- large Providers will be likely to seek market dominance once the reforms are bedded down;
- recognition that organisation mergers often aren’t successful, and that partnership arrangements require significant due diligence;
- workforce attraction and retention will continue to be a major challenge, and in-house workforce training is an essential investment; and
- there are several opportunities for Councils to develop additional funded NDIS programs using their current skills and infrastructure (e.g. 1:1 social engagement)

Summary:

These meetings provided very useful insights about partnership options moving forward. There was a clear differentiation between (i) a long term collaborative relationship based on shared goals and value-added benefits, and (ii) episodic service delivery transactions.

Partnership decisions will require a full due diligence process, and a formal procedure to shortlist and interview a number of suitable organisations.

CHSP / HCPP merger 2020: Partnership considerations:

Because it is expected that continuity of CHSP services under the 2020 reforms will be subject to a competitive tender process shaped around continuum of care expertise, it would be judicious for the Councils to establish a staged HCPP partnership framework as soon as practicable. This would also act as an interim buffer allowing the Councils to diversify their services earlier, pending the gradual restructuring of their internal business systems.

5. Growth thresholds impacting staff resourcing

- Although some providers have used informal 'formulas' to assist with workload allocation and management 'spans of control', organisations currently providing either HCPP or NDIS services both report that these formulas are of limited use presently. They are having to redesign workforce resourcing based on the new funding constraints and their internal unit-costing parameters.
- The new operating context with a strong emphasis on flexible care coordination options, individual budgets, competition and new marketing and sales skills means that different management structures are being developed. These require ongoing evaluation of their business effectiveness.
- Organisations each have their own unique staffing structures (inc. 'back of house' corporate supports and diverse Position Statements for key service delivery roles) which impact significantly on management 'spans of control'. For example, who does the rostering; client navigation support; individual budget development and review?
- Providers are also pre-screening the budgeted NDIS plan to assess whether there is a sufficient mix of funded services for their particular business model.
- The extent of overhead management coordination positions will to a large extent be determined by the package budget, and client choices around the level of self-management.
- To avoid duplication and inefficiency, any partnership model will be a significant determinant of how the Council management and service delivery work team are organised, and where efficiency thresholds can be achieved.
- Workflow analysis and scenario-modelling are the most useful ways to test the impact of a range of workforce and management structures on cost-effectiveness.

HCPP:

- Traditionally, different formulas have been used to assist with balancing workload requirements over a range of packages. For example, different package Levels (L1 to L4) are allocated a numerical value from 1.0 - 2.5. Each group scoring 50 points requires one Care Manager for oversight. However with the new business rules and competitive pricing, these formulas lack the flexibility required with individualised packages.
- Total package numbers assigned to a single Care Coordinator/ Team Leader vary from 25 as a viable minimum up to 50-55.
- *StewartBrown* national aged care benchmarking provide very useful sector data for organisations to analyse and compare their workforce. The following report is an example:

StewartBrown 2018: Total Hours per Client per Week

	Survey Average			Survey First 25%		
	Mar-18	Jun-17		Mar-18	Jun-17	
Direct service provision	5.14	5.31	↓	5.57	7.48	↓
Agency	0.34	0.44	↓	0.29	0.77	↓
Case management & advisory	0.80	0.83	↓	1.16	0.94	↑
Administration & support services (including co-ordination)	0.57	0.58	↓	0.67	0.46	↑
Total Staff Hours	6.85	7.16	↓	7.68	9.66	↓

NDIS:

Currently there are no clear frameworks emerging in the sector with regard to staffing structures. The leading Providers are engaged in the comprehensive remodelling of the management and staffing roles and responsibilities, and this will continue to evolve as the NDIS market stabilises and matures. Unlike the aged care sector, there is currently no national benchmarking data to guide workforce efficiency models.

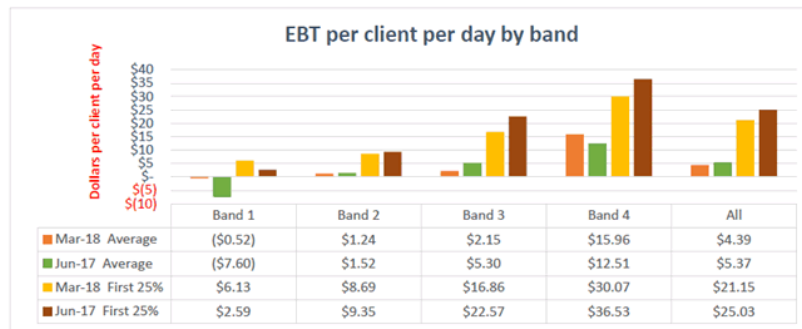
6. Sector financial feasibility issues

HCPP:

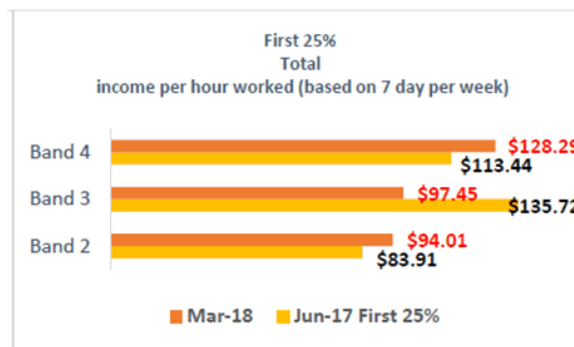
- As with all government funded programs, there will always be pressures to operate more cost effectively.
- The recent requirement for all Providers to publish their price lists will provide the Councils with definitive comparisons when modelling their HCPP price points.
- Trend data indicates that a higher level of packages provide a greater profit / EBT (earnings before tax). Nevertheless, a lower level of packages can still provide strong EBT results for well-managed businesses.
- *StewartBrown* national aged care benchmarking provide very useful sector data for organisations to analyse and compare their financial performance, divided into quartile results.

The following report is an example:

Figure 1: Comparison of EBT (operating surplus) March 2018 and June 2017



*Due to the small number of packages in Band 1, there is considerable volatility from quarter to quarter



The “bands” in these graphs reflect the level of revenue derived from the Provider’s mix of home care packages, and roughly equate to the relative number of low care packages (Level 1 and 2) and higher care packages (Level 3 and 4).

This benchmarking data can be used to test the viability of the Councils’ workforce cost model. In principle, if other Providers are able to generate operating surpluses, the Councils could move towards the same outcome, or break-even as a minimum.

NDIS:

- The Independent Pricing Review resulted in some increases in the 2018-19 Pricing (e.g. 7.64% increase in ADL support and social community participation).
- Small providers (inc. Councils) who had previously been disadvantaged by government disability contracts have reported that they are actually better off now under the NDIS pricing formulas.
- No independent sector data is available yet to assess the impact of NDIS on disability providers’ revenue or profitability. Nevertheless it is clear that the new business rules and pricing domains require a different business model to maintain viability, particularly for bigger providers with large overheads, and Council providers with more highly remunerated Enterprise Bargaining arrangements.

Summary:

As noted previously, preparing for the CHSP competition reforms of 2020 requires the Councils to:

- shift towards a more cost-efficient service delivery;
- manage the cash flow requirements impacted by retrospective funding and any delays in invoices being paid by government; and
- ensure their compliance with the National Competition Policy (as noted in the 2017 report, this is not expected to be a barrier, and this was conformed in recent consultation with interstate Councils already operating in this market).

7. Key marketing & sales themes

- In a competitive market based on customer choice and control with individualised budgets, it is critical to invest in ongoing marketing campaigns. But even more importantly, specialist customer relationship and sales skills will be required to convert the customer enquiry into a contracted client.
- In essence, marketing home and community services is about answering and communicating the following simple question:

How is each individual customer better off by using your services than those of another operator?

Once you can answer this question, you can communicate your **value** and your **brand**, and design your marketing approach. The following statement is an example of the type of ‘brand story’ that the Councils would need to communicate:

It is different for every individual, but at the heart of it all are three words - independence, choice and respect. This is why we partner with you to design a plan that you are passionate about. We believe everyone at all phases of life can learn and grow and achieve a new potential. If we do not currently provide something, let's see if we can.

- The challenge will be to find effective ways of reaching non-traditional ‘buyers’ such as people with a disability or frail aged. Similarly, marketing and sales will need to clearly understand the two different ‘buyers’ each with their own priorities – both the client and their representative.
- Councils are in a strong position to leverage ‘pull’ marketing, which initially bring clients to the Provider as a trusted source of information and guidance, and which then evolves into a funded client through ‘push’ marketing of specific service offerings and pricing.

It is recommended that the Councils’ marketing strategy addresses such areas as:

- making sure that Council stands out in the market with a positive solution to people’s needs and concerns;
- ensuring that every ‘touch point’ for a customer and stakeholder is a positive experience (from the initial enquiry through to transition);

- customer relationships that address their individual needs and preferences;
- understanding each 'market segment' and how to consolidate it or grow it;
- a 'brand' message that differentiates Council's competitive value;
- 'customer-centred' service culture, with specific training for all staff;
- cost-effective, professional-looking promotion (eg, easily navigated NDIS and HCPP specific websites, printed collateral, press articles, advertising);
- converting the maximum number of enquiries into admissions (a 'sales' result to reward the marketing effort);
- monitoring of regional competitors and industry trends, including 'new entrants'
- the emerging use of social media.

However, the most effective marketing for the Councils will always come from great word-of-mouth endorsements from clients and families. In a service-based industry, staff are Council's best (or worst) marketing tool - they significantly determine the customer experience, not glossy brochures or elaborate web pages. The importance of staff relationships and their performance highlights the need to very carefully select and monitor any service delivery partner.

The NDS State Director emphasised the following when it comes to effective marketing:

- clients and families are becoming increasingly savvy 'buyers'; and
- there is a big opportunity for 'shop fronts' (which the Councils have ready-made!) and 'pop ups' to promote brand awareness.

SHARED SERVICES BETWEEN THE COUNCILS

The Stage One report noted that the future business model for home and community services would be improved by developing collaborative arrangements between Salisbury and Playford Councils. These advantages include:

- shared learning and expertise to manage future challenges and opportunities;
- consolidating a northern region presence for local government in the reform environment;
- direct contribution to local economic development; and
- improved effectiveness and efficiencies through economies of scale, and by reducing duplication and costs (contributing to enhanced long term viability of community programs).

These advantages can be achieved while balancing the need to protect each Council's specific priorities and agendas.

The following shared service opportunities were identified:

- specialist management expertise
- specialist service delivery expertise
- workforce and volunteers
- experience and resources in different program areas
- equipment
- buildings, infrastructure and community assets
- third-party partnerships.

An objective for the Stage Two project was to identify specific actions and timeframes to progress this important goal.

The project team agreed the following:

Actions	Timeframe
Playford has approval to recruit a 'Business Manager' (BM) position for 12 months to fast-track the development of the business systems and processes needed to underpin reform readiness and to finalise specific business diversification feasibility analyses.	Recruit ASAP
Salisbury to seek funding to contribute to this BM position, which will also be critical to Salisbury preparing for 2020.	Confirm funding contribution ASAP
Alignment of internal specialist expertise: Playford: to take the lead in NDIS opportunities, with a single specialist role across both Councils. Salisbury: to take the lead in HCPP opportunities, with a single specialist role across both Councils.	February 2019
Actions	Timeframe
Project Team: 1. Develop a detailed 'organisation chart' for the shared services portfolio, with a focus on reducing duplication and costs; 2. Develop a Position Description for a shared "Transition Project Officer" position reporting to the H&C Managers of both Councils.	February 2019
Project Team: Develop and monitor a shared H&C Education Plan addressing the new core competencies required in the reform environment.	December 2018
Project Team: Develop and monitor a H&C Project Action Plan to maintain the project momentum and specifically address 'business systems readiness' [Workshop 3].	January 2019
Project Team: Develop a shortlist of potential service partners and conduct exploratory meetings with each.	February 2019
Project Team: Continue to formally monitor the reforms and operating context.	<i>ongoing</i>
Other collaboration opportunities: o equipment o buildings, infrastructure and community assets.	Defer [Further action tba]

The Project Team also identified the following:

- Once the preliminary issues are resolved and approved, there are no significant barriers to commencing some merged activities now under a service agreement framework.
- As part of a future restructure, consideration should be given to a Support Services position (part-time initially) accountable for managing financial systems, quality systems, performance KPIs, benchmarking and government reporting.
- Any restructuring of workforce positions should be shaped around the ‘customer journey’ [marketing engagement, on-boarding, health and wellbeing pathways, service choices, service delivery, service partners, and transitioning].

BUSINESS CASE FEASIBILITY

This project has identified that there is a sound business case for the Councils to diversify into HCPP and broader NDIS services:

- Council commitment to competing for CHSP services in 2020
- strong leadership capabilities to drive the internal business transformation
- strong demand and funded growth in both sectors
- long term government funding
- most Providers in both sectors demonstrate financial viability
- opportunities to increase effectiveness and efficiencies through Council collaborations
- significant value-add opportunities by leveraging formal partnerships with other large sector Providers to meet client needs across the full continuum of care
- low risk exit strategy
- compliant with National Competition Policy.

Key findings

- The operating context for both HCPP and NDIS is stabilising, with greater clarity of what successful, customer-centred service delivery requires.
- Both markets are still growing significantly, and there are opportunities for Councils to have a direct service delivery function, in addition to the broader roles of advocacy, information provision and capacity building.
- Although very few Councils nationally are committed to direct H&C service delivery (and some are exiting CHSP), this is largely due to historical factors, rather than emergent risk issues arising from the reform environment.

- To remain active in low level service delivery after the 2020 CHSP/HCPP merge, this will require comprehensive business transformation. It is forecast that these future CHSP-type programs will be allocated and operated on a competitive market basis. In making these internal operational changes in preparation for 2020, the Councils will also be addressing the business model required to deliver low complexity care and support services under HCPP and NDIS.
- All aged care and disability service Providers are undergoing similar internal organisational transformation as they strengthen their ability to provide high quality cost-effective services in the new market context.
- There are strong advantages in Salisbury and Playford Councils collaborating to deliver relevant H&C services for older adults and for people with a disability (refer pg.21).
- Preliminary discussions with ACH (aged & NDIS) and CARA (NDIS) clearly demonstrate that leading SA organisations see great value in establishing partnerships with Salisbury and Playford Councils to achieve mutually-beneficial outcomes. One of the key advantages of such partnerships is that services can be flexibly integrated around a seamless customer pathway and care continuum.
- Issues of financial feasibility are still being analysed and modelled by both Councils. It is noted that:
 - Trend data for HCPP indicates that higher level packages provide a greater profit / EBT (earnings before tax). Nevertheless, lower level packages can still provide sound EBT results for well-managed businesses. This would result in a financial contribution back to Council if this financial outcome could be achieved and sustained.
 - The NDIS Independent Pricing Review resulted in some increases in the 2018-19 Pricing (e.g. 7.64% increase in ADL support and social community participation). These domains are relevant to the potential areas of Council service delivery.
- With sensible exit strategies in place there are no reasons why the Councils should not diversify into these expanded service delivery areas, subject to a completing the internal financial scenario modelling. Council can decide to exit from these expanded services at any time, by simply transitioning the clients to service partners or to other Providers of the client's choice.
- It would be premature to shift these H&C programs to an independent business unit. Once the required business transformation systems are embedded and the outcomes of the 2020 market reforms are implemented, serious consideration could be given to this alternative option.

In considering the Councils' role in a partnership model with experienced sector Providers who would manage the higher complexity clients, the following framework was developed:

HCPP roles			
Role	Council	Contractor	Partner
Marketing & sales (inc. MAC, pricing, self-funded etc)	✓		
Navigation support and 'on-boarding'	✓		
Assessments, care plans, evaluations	L1/L2		L3/L4
Scheduling/rostering			✓
Customer relationship/case management	✓		
Quality management & compliance reporting	✓		
Customer budgets	✓		
Domestic / transport / maintenance	✓	✓	✓
Personal Assistance	✓		✓
Clinical / allied health / therapy			✓
Social engagement / lifestyle	✓		
Aids / equipment / home modifications	✓		

NDIS roles			
Role (inc. both group and 1:1)	Council	Contractor	Partner
Marketing & sales	✓		
Navigation support and 'on-boarding'	✓		
Assessments, care plans, evaluations	✓		
Scheduling/rostering	✓		✓
Customer relationship/case management	✓		
Quality management & compliance reporting	✓		
Domestic / Transport	✓	✓	
Personal Care	Low level		✓
Social and community participation / skill development	Low level		✓
Equipment / consumables / home maintenance	✓	✓	
Health & wellbeing			✓
Support coordination	✓		

* For the Councils to provide services in all these NDIS domains it will require additional accreditation

ITEM	2.6.1
	WORKS AND SERVICES COMMITTEE
DATE	10 December 2018
HEADING	Capital Works Report - November 2018
AUTHOR	Christy Martin, Team Leader Project Support, City Infrastructure
CITY PLAN LINKS	3.2 Have interesting places where people want to be.
SUMMARY	The following monthly status report and requests for amendments is presented to effectively manage the City Infrastructure Capital Works Program.

RECOMMENDATION

1. Construction of new footpaths and/or associated kerb ramps as set out in this report (Item No.2.6.1, Works and Services Committee, 10 December 2018) be endorsed as program inclusions within the Council Funded Footpath Program and Kerb Ramp Construction / Upgrade Programs.
2. Remove Kaurna Park, Burton, from the 2018/19 Bridge Program and retain the associated \$55k budget within the program.
3. \$50k income gain from The Adelaide and Mount Lofty Ranges Natural Resources Management Board for the Dry Creek rehabilitation works occurring at Mawson Lakes be approved as a non-discretionary second quarter budget bid.
4. Submission of a non-discretionary 2018/19 second quarter budget review bid for an additional \$118k capital funding for PR14804 Bicycle Network Program, noting a reduction in expected income from \$85k down to \$33k.
5. Submission of a non-discretionary 2018/19 second quarter budget review bid for an additional \$112k capital funding for the Wright Road project within PR13725 Major Traffic Devices Program, to complement \$223k of additional income received.
6. Submission of a non-discretionary 2018/19 second quarter budget review bid to reflect the \$711k capital income received for Pauls Drive, Valley View, within PR22229 Major Flood Mitigation Program.

ATTACHMENTS

There are no attachments to this report.

1. BACKGROUND

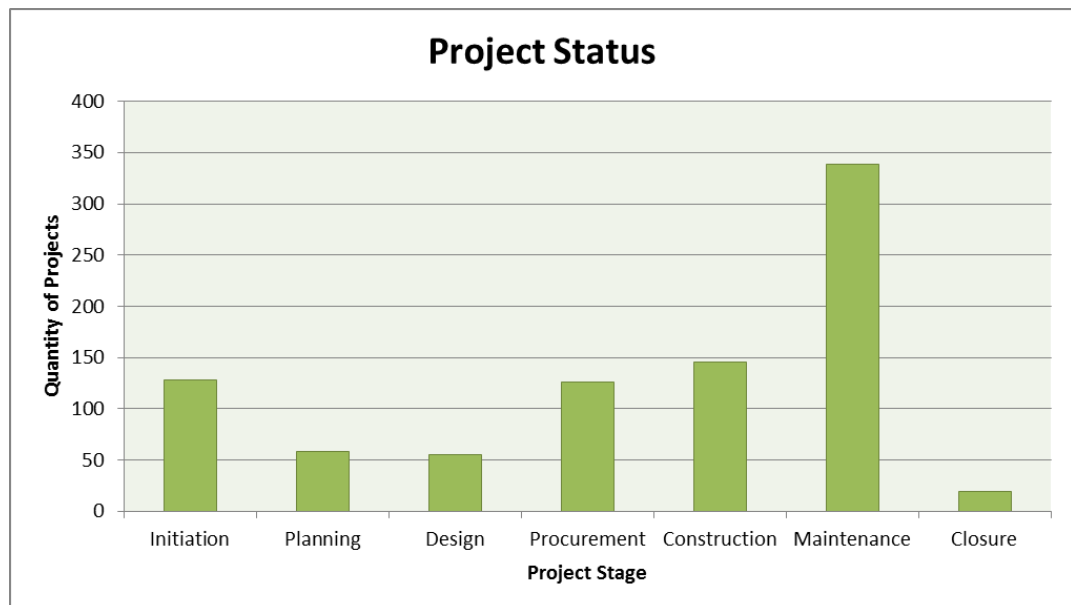
1.1 City Infrastructure is responsible for the capital works, associated plant and fleet, building, traffic and civil engineering services, landscape and environmental works. Specifically, these works involve project management, design specification development, construction and recurrent maintenance. Service provision is undertaken by both internal resources and external consultants/contractors. City Infrastructure provides periodic progress reports for these projects.

2. CONSULTATION / COMMUNICATION

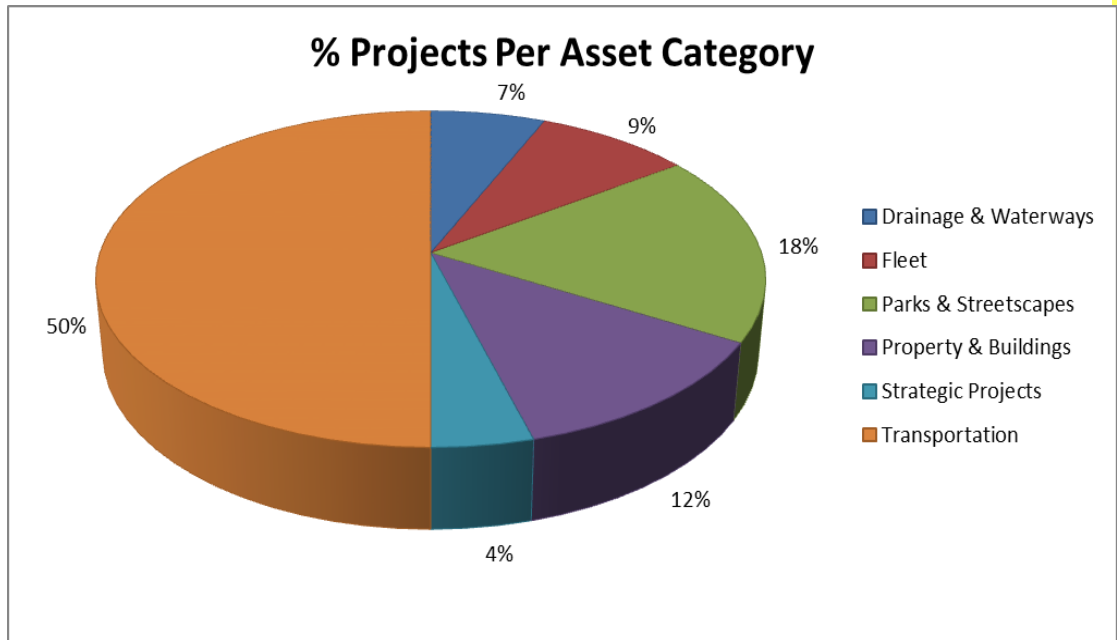
2.1 As part of the management of the City Infrastructure Capital Works Program, communication of the program occurs on a monthly basis via the Works and Services Committee. In addition, a current program of works is available via the City of Salisbury internet site and highlights included within the periodic publication *Salisbury Aware*.

3. REPORT

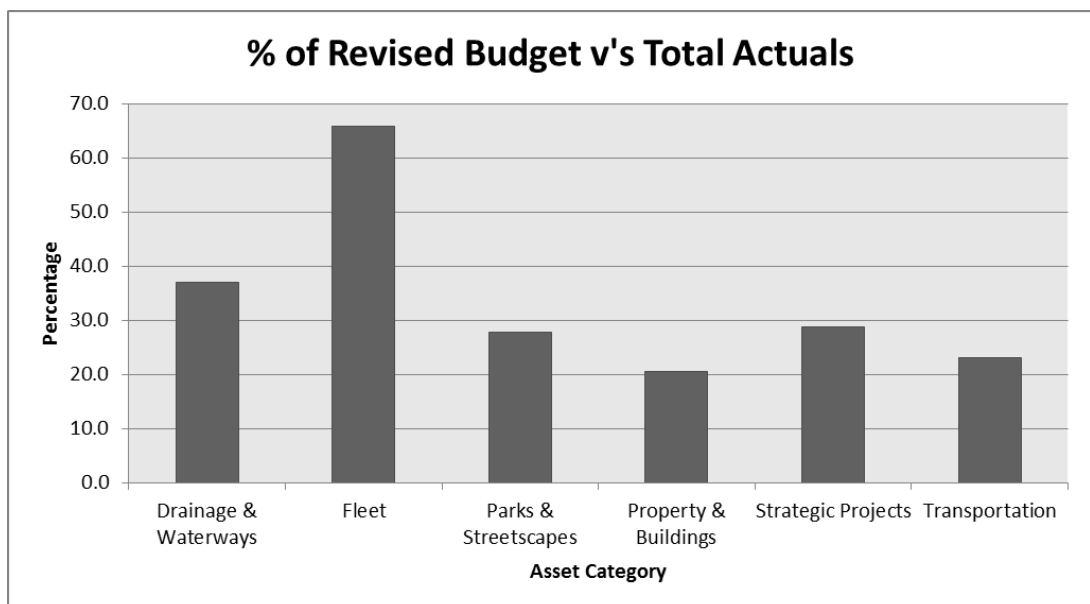
3.1 The Capital Works Program continues to be progressively delivered. Importance is placed on scheduling works to achieve the optimum outcome, such as the programming of landscape works in cooler climates. The current state of the program is distributed across the following stages;



3.1 The Capital Works Program is managed via the creation of individual projects which generally aligned with site locations. This aids in the management of asset information and work load allocation. The percentage of projects per asset category is as follows;



3.2 The status of the program is reflective of the current spend and commitments in place. The following chart defines the percentage of the Revised Budget per asset category, current spent and/or committed;



3.3 The above 'Total Actuals' is the sum of funds spent and commitments raised.

- 3.4 As part of the coordination of the Capital Works Program, it is continuously monitored to ensure it best meets the needs of the community whilst maintaining infrastructure condition. As a result, the following changes are requested;

Amendment to Program

PR14498 Council Funded Footpath Program

PR21412 Kerb Ramp Construction / Upgrade Program

Via the Footpath Request Evaluation Team (FRET), requests for new footpaths and/or associated kerb ramps were received for the following locations;

- Alison Close, Salisbury Heights, Accessible ramps
- Barli Street, Pooraka, Footpath network connection

These requests were assessed in accordance with the key principles of the Footpath Policy and recommended for construction. Noting that they will be funded via the Council Funded Footpath Program and Kerb Ramp Construction / Upgrade Program in alignment with budget availability. These works commenced during the caretaker period to ensure a continuity of service was provided to the community. Approval is now sought to formally include them within the above programs.

Recommendation: Construction of new footpaths and/or associated kerb ramps as set out in this report (Item No.2.6.1, Works and Services Committee, 10 December 2018) be endorsed as program inclusions within the Council Funded Footpath Program and Kerb Ramp Construction / Upgrade Programs.

Impact: No impact

PR20548 Bridge Program

As part of the planning and investigation phase, the program nominated for the 2018/19 Bridge Program was reviewed. Competing priorities were assessed and the following change is requested;

- Kaurna Park, Burton, \$55k – Remove from program with maintenance programs in place, original bridges identified do not require any current work
- Retain the above \$55k within the 2018/19 Bridge Program to accommodate for structure works currently being detail designed for Dry Creek, Pooraka, and Festival Court Reserve, Salisbury. The structure works are expected to exceed the original nominal renewal budget allowance of \$110k to complete both bridges.

Recommendation: Remove Kaurna Park, Burton, from the 2018/19 Bridge Program and retain the associated \$55k budget within the program.

Impact: Program reduced to accommodate increase in structural repairs scope of works

Amendment to Budget**PR17205 Watercourse Management Works**

City of Salisbury has been successfully awarded a \$50k grant from The Adelaide and Mount Lofty Ranges Natural Resources Management Board to aid in the delivery of the Dry Creek rehabilitation, Mawson Lakes. Accordingly this income gain will be included within the second quarter budget review.

Recommendation: \$50k income gain from The Adelaide and Mount Lofty Ranges Natural Resources Management Board for the Dry Creek rehabilitation works occurring at Mawson Lakes be approved as a non-discretionary second quarter budget bid.

Impact: Income gain

PR14804 Bicycle Network Program

As part of the Bicycle Network Program, the following locations were proposed to be constructed this financial year on the basis that grant funding would complement them;

- Cross Keys / Frost Road, Salisbury South, Roundabout shared use path
\$55 CoS & \$50k Grant Funding
- Diment Road, Salisbury North, Stage 2 shared use path
\$65k CoS & \$35k Grant Funding

Both of these projects were unsuccessful in attaining grant funding. Support is sought to fund these projects in their entirety via a second quarter budget review bid. This will enable both sites to be completed following on works undertaken last financial year.

Council was successful in receiving \$32k grant funding from the State Bicycle Black Spot Program for a bicycle link, Wright Road, Ingle Farm. The total value of the project is \$65k, therefore a net result of \$33k to Council. This is an important link which coincides with a traffic grant awarded for Wright Road, refer next item.

In summary, \$118k non-discretionary second quarter budget bid is requested to enable the above projects to be successfully completed this financial year, noting an income reduction from \$85k down to \$33k.

Recommendation: Submission of a non-discretionary 2018/19 second quarter budget review bid for an additional \$118k capital funding for PR14804 Bicycle Network Program, noting a reduction in expected income from \$85k down to \$33k.

Impact: Additional program funding and scope of works

Amendment to Budget

PR13725 Major Traffic Devices Program

City of Salisbury has been awarded \$223k of State Black Spot Program funding towards the traffic improvement initiative of right turn modifications to Wright Road, Ingle Farm, adjacent Dulkara Road. This work will complement the proposed bicycle network project also included within this report. In order to meet the needs of this grant, Council will need to contribute the 1/3 of the project funding, \$112k. The intent of this new project is to improve safety by way of upgrading the right turn treatment for both through and turning traffic. It is proposed to include this new project and associated funding via the 2018/19 second quarter budget review.

Recommendation: Submission of a non-discretionary 2018/19 second quarter budget review bid for an additional \$112k capital funding for the Wright Road project within PR13725 Major Traffic Devices Program, to complement \$223k of additional income received.

Impact: Additional program funding and scope of works

PR22229 Major Flood Mitigation Program

Notification was recently received that an application for funding towards the flood mitigation works at Pauls Drive, Valley View, was successful. This new income is via two programs;

- Roads to Recovery Program, \$409k
- Identified Local Roads Program, \$302k

Collective this \$711k will offset the expected total project cost of \$2.2M. The project was nominated for design only this year with a \$50k budget allocated to do. The design is currently being completed and cost estimates are being prepared to validate budgets for 2019/20. The construction for this location is not scheduled to occur until the later part of 2019 to align with weather conditions.

Early 2019, a follow up project report will be provided to detail the design solution and how the works will be scheduled. In the interim, a non-discretionary 2018/19 second quarter budget bid will be submitted to reflect the grant funded awarded.

Recommendation: Submission of a non-discretionary 2018/19 second quarter budget review bid to reflect the \$711k capital income received for Pauls Drive, Valley View, within PR22229 Major Flood Mitigation Program.

Impact: Unscheduled income received

4. FOR INFORMATION

For information

PR24651 New Salisbury Oval Change Rooms & Amenities

The construction of the new change rooms and amenities at Salisbury Oval is well underway and the following photographs are provided for information;



5. CONCLUSION / PROPOSAL

- 5.1 This summary report regarding the City Infrastructure Capital Works Program be received.

CO-ORDINATION

Officer: Executive Group
Date: 03/12/2018