

**PROVISION OF COUNCIL SERVICES**

<b>Objective Reference:</b>	<b>A2802933</b> <b>Reports and Attachments (Archives)</b>
<b>Attachment:</b>	<a href="#"><u>Letter from Department of Health</u></a>
<b>Authorising Officer:</b>	<b>Louise Rusan</b> <b>General Manager Community and Customer Services</b>
<b>Responsible Officer:</b>	<b>Kim Kerwin</b> <b>Group Manager Economic Sustainability and Major Projects</b>
<b>Report Author:</b>	<b>Craig Dickson</b> <b>Acting Strategic Adviser Community Programs</b>

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**PURPOSE**

At its General Meeting on 18 October 2017 Council resolved to not continue Redland Home Assist Secure (RHAS) service delivery from 1 July 2018. The discontinuation has three parts:

1. Council entered into a partnership arrangement with STAR Community Services (STAR) to deliver RHAS from 2 January 2018 to 30 June 2018;
2. Council would renew (to 30 June 2020) and then novate the Commonwealth Home Support Programme (CHSP) funding to STAR from 1 July 2018; and
3. Council would notify the State Department of Housing and Public Works (DHPW) of discontinuation of Home Assist Secure funding delivery and recommend STAR continues the contract in its own right.

This report relates to the second part of the resolution and seeks to amend the proposed method of transferring the Commonwealth Home Support Funding to STAR.

The Council Resolution was for the extension and subsequent novation of the Commonwealth Home Support Funding agreement (the DoH Funding Agreement) to STAR. The Commonwealth Department of Health (DoH) has since advised that an extension of the DoH Funding Agreement is not available and that it is preferable for Council to transition out of the current DoH Funding Agreement by 30 June 2018 and for a new Commonwealth Home Support funding agreement to be entered into directly between DoH and STAR.

Whilst this is a change in method, it is considered that this approach to the funding transition is consistent with the original intent of the Council Resolution and will reduce the administrative complexity associated with the discontinuance of the RHAS service.

**BACKGROUND**

The RHAS service is currently funded by DHPW and DoH under two funding agreements.

On 2 January 2018 an agreement between STAR and Council commenced for STAR to manage RHAS services until the end of the current funding agreements with DHPW and DoH on 30 June 2018. STAR has expressed interest in continuing the RHAS service from 1 July 2018 with a preference for novation or direct allocation of funding. While the final decision on a novation or direct allocation rests with the administering funding body, Council has indicated its support for the process through the existing resolution.

Supporting STAR to secure DoH funding from 1 July 2018 will assist to mitigate continuity of client care risks, as well as build local capacity and increase the effectiveness and impact of the program. The existing relationship now in place between Council and STAR has already established improved client connections.

## ISSUES

At its General Meeting on 18 October 2018, Council resolved to renew the DoH Funding Agreement when offered and novate it to STAR from 1 July 2018. Since that General Meeting further discussions with the DoH have indicated that a continuation of the DoH Funding Agreement is not available to Council and that any continuation of the funding would be provided pursuant to a new funding agreement. DoH advised that the terms of a new funding agreement may not permit the novation of the funding to an alternate recipient. In the event that Council is unable to novate the new funding agreement, the intent of the Resolution would be frustrated as Council would have to continue to facilitate the provision of RHAS services.

DoH requested a formal notification from Council's delegate of its intent to stop delivering CHSP and novate the contract to STAR from 1 July 2018. In response to the notification, DoH advised that it would consider awarding a new funding agreement direct to STAR without the need for Council to enter a new agreement. As part of their consideration a Transition Out Plan was submitted to the DoH with details around transition activities and client impacts.

Due to internal DoH administrative processes, DoH will continue to refer to the transition of services as "novation". Under the proposed funding transition, the parties will continue to be bound by the DoH Funding Agreement until the expiry date, being 30 June 2018, and DoH will enter into a new and separate funding agreement with STAR from 1 July 2018.

Officers' actions to date are in line with the spirit of the existing resolution and intent of withdrawal from CHSP, however there has been an amendment to the mechanism by which the withdrawal is achieved. The proposed process will result in a reduction in the administrative burden on both Council and DoH. In addition, as Council is not required to extend its current service agreement, it provides for a much smoother process for Council's exit of CHSP service delivery.

On 22 February 2018 DoH provided written confirmation to Council that STAR has been assessed as being suitable to deliver the CHSP activities and any funding that would have been offered to Council will now be offered instead to STAR. This approval mitigates the risk to service continuity that may have been incurred if Council transitioned out of the DoH Funding Agreement and STAR was unable to secure funding from DoH.

This report intends for Council to delegate to the Chief Executive Officer the authority to take any necessary actions in order for the transition process to continue in line with the intent of the earlier resolution to not continue RHAS service delivery. Any substantially different actions or possible outcomes that may influence the outcome of the withdrawal process would still require a report to and decision by Council.

## **STRATEGIC IMPLICATIONS**

### **Legislative Requirements**

All human resource matters relating to employment change will continue to be dealt with as required under the Redland City Council Officers' Certified Agreement 2013 and all other relevant policies and legislation.

Advice has been received from the Queensland Office of the Information Commissioner that Council can transfer personal information for the purposes of continuing the service without the need to obtain all registered users permission (providing only the required information is transferred).

A contract novation would involve substituting STAR for Council as a party to the DoH service agreement. Under the new process, Council would see out its contract obligations and DoH would negotiate a new contract with STAR. As such, there are no procurement implications for Council.

Section 262 of the Local Government Regulation 2012 (the Regulation) provides that a resolution of a local government may be repealed or amended only if written notice of intention to propose the repeal or amendment is given to all Councillors at least five days prior to the meeting at which the proposal is to be made. As the meeting agenda has been circulated to Councillors at least five days prior to the meeting, it is considered that sufficient notice has been given and section 262 of the Regulation is satisfied. Further, clause 13.4 of the Council Meeting Standing Orders POL-3127 provides:

*Where a resolution (a later resolution) of the local government relates to a matter the subject of a previous resolution (a previous resolution) passed more than 3 months previous, the previous resolution is amended or repealed to the extent that it is inconsistent with the later resolution.*

This report is proposed more than three months after the original resolution was made. Therefore, the resolution will be amended to the extent that it is inconsistent with a resolution made pursuant to this report.

### **Risk Management**

A novation of Council's CHSP service agreement to STAR is consistent with Council's intent to provide a smooth transition out of RHAS service delivery and continuity of care to clients. The offer from DoH to negotiate a new agreement directly with STAR significantly reduces the risk of Council potentially having to continue to administer the delivery of the RHAS program for the duration of the new agreement or until withdrawal.

In addition, following the process supported by the DoH removes the risk of them conducting a tender process and the service agreement potentially being allocated to an unknown provider. A large amount of work already completed to enact the

agreement between STAR and Council would need to be repeated should a different provider receive the contract through a tender process.

A communications strategy for clients and stakeholders has already been implemented following Council entering into the current agreement with STAR. A further strategy will be developed prior to Council finalising its involvement with RHAS.

## **Financial**

Council officers will be required to fully acquit the allocated CHSP funding for the current financial year and pay back unexpended funds to the DoH. Two vehicle assets with a written down value of \$22,473.84 each (at 30 June 2018) are being considered for transfer to STAR. Should STAR wish to purchase the vehicles, they will need to be sold at the written down value or market value. All proceeds will need to be refunded to DoH.

While not true assets, various tools and hardware items exist as inventory for labour performed under the CHSP. These items will be costed and provided to STAR for use under the program as they were originally purchased with CHSP funding.

In order to perform the acquittal and close off all matters resulting from the RHAS service withdrawal a budget allocation will need to be considered for the first half of 2018/2019 for an officer to oversee this process, including the return of unspent funding.

## **People**

### *CHSP clients*

Approximately half of the RHAS CHSP clients are registered with My Aged Care, which means their service continuity can be guaranteed by using alternate service providers who are already funded to provide services in the area in any future delivery scenario. The remaining client files will be accessible to STAR by using Council's existing system minimising any risk of discontinuity of service.

In the unlikely event that novation fails to proceed, there is an increased risk to clients as Council will be required to hand over to a new provider at the end of the current agreement period. Registration of clients with My Aged Care will be encouraged to mitigate care continuity risks.

### *Council employees*

The new process has no impact on the existing arrangements for staff. Staff will continue to be employed by Council with the option of redundancy or redeployment for permanent staff from 1 July 2018. STAR remains committed to offering Council employees first option of employment, subject to performance, when the DoH and DHPW contracts with Council expire on 30 June 2018.

### *Contractors*

Council's current panel of providers' contract for RHAS (T-1729-15/16-CCS) expires on 30 June 2018. STAR would be required to make arrangements to contract existing or new providers for commencement on 1 July 2018. It is likely that many of the existing contractors, including those that STAR has sub-contracted under the agreement, will remain servicing RHAS clients.

## **Environmental**

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No environmental impacts are identified.

## Social

Social risks are considered to be significant, noting the aged clientele accessing the services are highly vulnerable to change. A communication plan was implemented prior to the agreement between Council and STAR commencing. Clients were notified of the changes prior to the 2 January 2018 transition with no significant issues identified.

No further communication to clients is necessary from Council prior to 30 June 2018. Communication will occur with contractors and professionals (e.g. Occupational Therapists) impacted by novation should it proceed. Under the agreement with STAR, should they receive the new contract they are required to communicate with clients about changes occurring from 1 July 2018.

## Alignment with Council's Policy and Plans

This report and recommendations align with Council's Corporate Plan outcome area 7, Strong and Connected Communities whereby "our health, wellbeing and strong community spirit will be supported by a full range of services, programs, organisations and facilities, and our values of caring and respect will extend to people of all ages, cultures, abilities and needs".

## CONSULTATION

Consultation has occurred with the following stakeholders:

- General Manager, Community and Customer Services
- Group Manager, Economic Sustainability and Major Projects
- Service Manager, Strengthening Communities
- Senior Solicitor, General Counsel Group
- Business Partnering Unit, Financial Services Group
- Enquiries Service, Queensland Office of the Information Commissioner
- General Manager, STAR Community Services
- Grant Agreement Manager, Health Programs Management, Department of Health

## OPTIONS

### Option One

That Council resolves to:

1. Continue the process with DoH in seeking to novate the CHSP contract to STAR;
2. Not renew its existing contract with DoH and withdraw from CHSP service delivery from 30 June 2018; and
3. Delegate authority to the Chief Executive Officer under s.257(1)(b) *Local Government Act 2009* to take all necessary actions for the implementation of Council's withdrawal from RHAS service delivery, providing the outcome remains consistent with the intent of this resolution.

### Option Two

That Council resolves to negotiate the new DoH CHSP funding agreement and if the opportunity presents itself, novate the funding agreement to STAR sometime after 1 July 2018.

#### **OFFICER'S RECOMMENDATION**

In accordance with Option 1 and the content of this report, Council resolves to:

1. Continue negotiations to novate the existing contract as detailed in this report;
2. Not renew the existing contract and withdraw services from 30 June 2018;
3. Delegate authority to the Chief Executive Officer under s.257(1)(b) *Local Government Act 2009* to take all necessary actions for the implementation of Council's withdrawal from RHAS service delivery, providing the outcome remains consistent with the intent of this resolution; and
4. Keep this report and attachment confidential until all contracts and agreements expire on 30 June 2018.





**Australian Government**  
**Department of Health**

Mr Andrew Chesterman  
Chief Executive Officer  
Redland City Council  
PO Box 21  
Cleveland QLD 4163

Dear Mr Chesterman

**Withdrawal from the Commonwealth Home Support Programme (CHSP)**

Thank you for your letter of 13 January 2018 advising Redland City Council's intention to cease delivery of CHSP services at the end of your current agreement on 30 June 2018.

I understand that you currently delivering CHSP activities via a sub-contracting arrangement with STAR Community Services Limited (STAR). I am pleased to advise that following an assessment of STAR's performance as a CHSP provider, STAR has been found suitable to deliver the CHSP activities that you currently deliver. Consequently any funding that would previously have been offered to Redland City Council under the new CHSP 2018-2020 Agreement will now be offered instead to STAR.

Please be advised that while your CHSP Schedule Activity end date is 30 June 2018 and therefore your organisation is not obligated to provide CHSP services after this date, Redland City Council will be required to fulfil all reporting and end of agreement obligations as follows:

- DSS Data Exchange for the period 1 January 2018 to 30 June 2018 – due 30 July 2018
- Financial Acquittal Report for the 2017-2018 financial year – due 31 October 2018

The Department would like to thank you your Organisation for the services you have provided in the past.

Should you require further information please contact Diane Curtin on 07 3360 2976 or [diane.curtin@health.gov.au](mailto:diane.curtin@health.gov.au).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'C. Dalton'.

Catherine Dalton  
Director  
Health Programs Management Section  
Health Grants Network – Queensland Office

19 February 2018