

ITEM 15.2.1 PROVISION OF COUNCIL SERVICES

Objective Reference:	A2561269
Attachment:	<u>Tender Consideration Plan</u>
Authorising Officer:	Louise Rusan General Manager Community and Customer Services
Responsible Officer:	Kim Kerwin Group Manager Economic Sustainability and Major Projects
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PURPOSE

As of 1 July 2017, Council's Redland Home Assist Secure (**RHAS**) operates two programs via funding through the State Government Department of Housing and Public Works, and the Commonwealth Government Department of Health. As these funding programs are both due to expire on 30 June 2018, direction is sought from Council with regard to Council's ongoing commitment to RHAS.

The purpose of this report is to seek approval from Council to:

1. Prepare and adopt a tender consideration plan in accordance with section 230 of the *Local Government Regulation 2012* to enable Council to directly partner with STAR Community Services (**STAR**) for the delivery of the Redland Home Assist Secure service;
 2. Subject to obtaining the consent of the Commonwealth Government Department of Health (**DoH**) and Queensland Department of Housing and Public Works (**DHPW**), enter into a subcontract or similar partnership arrangement or arrangements with STAR Community Services (**STAR**) for delivery of:
 - a. the Commonwealth Home Support Program (**CHSP**) administered by the DoH
 - b. the Home Assist Secure (**HAS**) program administered by the DHPW from 1 January 2018 until 30 June 2018
 3. When available, renew the funding agreement for the CHSP for a further two years (in response to an intent to extend arrangements from the DoH) with a
 4. Novate the service agreement for (the extended) DoH Commonwealth Home Support Program to STAR from 30 June 2018;
 5. Relinquish the funding agreement for the HAS program from 30 June 2018 advising the DHPW accordingly and recommend to the DHPW that STAR continue the contract in their own right; and
 6. Delegate authority to the Chief Executive Officer to sign and execute all necessary documents.
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BACKGROUND

Councils across the State have historically delivered a range of community sector services like the Redland Home Assist Secure program. When these service agreements first commenced there was only limited capacity in the community sector and Councils were a logical delivery mechanism. Over time, most councils have ceased direct community service delivery roles as the sector has matured and capacity increased. For example Council has previously removed itself from the community service delivery of school aged care in 2012.

Council has been running the RHAS program for over 23 years. As at 1 July 2017, RHAS receives external funding from two programs:

1. Home Assist Secure program

- The DHPW has provided 2017/18 financial year funding of \$606,389.15 (ex GST) to provide home maintenance services to eligible Redland residents aged 60 years and over, and people with a disability aged under 60 years
- As at 1 September 2017 RHAS had an active client base of 3,619 HAS-eligible registered clients
- In the 12 month period from 1 July 2016 to 30 June 2017, RHAS provided 3,470 services to 1,796 clients (an average of 1.9 services per client)

2. Commonwealth Home Support Program

- The DoH provides minimum annual funding of \$818,004.75 (ex GST) to provide home maintenance and disability modification services to eligible Redland residents aged 65 years and over
- As at 1 September 2017 RHAS had an active client base of 3,194 CHSP-eligible registered clients
- In the 12 month period from 1 July 2016 to 30 June 2017, RHAS provided 5,344 services to 1,761 clients (an average of 3 services per client)

A service review of all RHAS externally funded programs commenced following a workshop with Council on 10 August 2016 at which it was decided to formally approach the funding bodies to discuss possible transition to alternative service provider/s. It was acknowledged that delivery of these two programs by a locally operated community organisation could transition Council out of a non-core service delivery function and allow funding to be utilised to its full potential (noting that Council has had a significant historical underspend in this area).

With a client base exceeding 6,800 across both programs, the process and workload to exit the programs is substantial. If Council were to relinquish its funding with DoH and DHPW, the departments would undertake a procurement process to reallocate these funds to another service provider/s. Clients would not lose access to these services, there would simply be a change of service provider. There is the potential that the programs could be allocated to two different providers, creating a complex transition process and possible diminution in client continuity of care.

In July 2016 Council received interest from STAR in the potential transition of the Home Assist Secure program (**HAS**), Commonwealth Home Support Programs (**CHSP**) and the Queensland Community Care program (**QCC**) to them. Ongoing discussions have taken place since, with further formal notice from STAR in June 2017 of commitment to a novated CHSP contract and intent to tender for the HAS contract should Council relinquish from 30 June 2018.

Council at its General Meeting of 3 March 2017 decided not to renew the QCC contract from 30 June 2017. When Council exited the QCC agreement in June this year, a formal letter of support was provided to the Department of Communities, Child Safety and Disability Services for STAR to continue this work. While STAR was not awarded this contract, that support carries over into the delivery of HAS and CHSP.

Council has discussed the possibility of subcontract arrangements with both DoH and DHPW. The DoH Service Agreement allows Council to subcontract therefore this opportunity is available at any stage. The DHPW was previously open to considering a subcontract arrangement but is cautious in relation to ensuring Council remains accountable for its Service Agreement obligations. The DHPW is currently reviewing a partnership proposal from Council and a response is expected shortly.

An arrangement with STAR prior to Council relinquishing the DoH and DHPW contracts has the potential to mitigate continuity of client care risks as well as build local capacity and increase the effectiveness and impact of the program.

ISSUES

DoH representatives have indicated that if Council wishes to novate the CHSP, it should (in the interim) engage a subcontracted local service provider in order to build client connections. This arrangement would help demonstrate continuity for program recipients, which may warrant the Department considering options such as direct allocation if novation is opted for. There is no guarantee for the subcontracted provider to receive the novated agreement, but an existing relationship between provider and client is favourable.

Ongoing discussions have occurred with the DHPW with regards to a seamless transition option. The Department is open to considering a partnership arrangement but has stipulated that Council must remain accountable for its obligations under the current Service Agreement. Should the Department be supportive of the current proposal the partnership would run until 30 June 2018. Should Council choose not to renew the HAS contract, the DHPW would go to tender seeking a delivery body from 1 July 2018.

For DHPW, part of any partnership proposal must include how greater provision of HAS services will be delivered to the islands. STAR has committed to expanding services in these areas and has contributed a number of viable solutions to the proposal.

For both funding agreements, Council must provide each department with a minimum three months' notice of its intent to relinquish. In an effort to ensure seamless service delivery to clients both departments have requested six months' notice. A decision on the recommendations from this report will provide certainty to each department well in advance of the requested timeframes.

If Council chooses to remain in the sector it effectively acts as a competitor with other organisations by preventing the community sector from increasing its service delivery opportunities. Council would be better placed to support local service organisations to increase capacity and breadth of service delivery given the aged care sector industry reforms moving to greater client driven funding allocations.

Under the *Local Government Act 2009* Council must have regard to the sound contracting principles. As the DoH and DHPW contracts exceed \$200,000 and Council is effectively contracting them to another provider, the Local Government Regulation 2012 stipulates the requirement to invite written tenders subject to relevant exceptions. Following a legal review of the contracts and communication between Council and the departments, a tender consideration plan (see Attachment 1) has been recommended to satisfy procurement requirements.

Council currently employs four full time permanent staff and four contract staff (one casual) all funded through the HAS and CHSP agreements. STAR has provided formal advice that they will embed the majority of existing staff in their organisation and oversee all human resource management. These staff members will maintain their current pay and conditions and be paid by Redland City Council up until 30 June 2018. After this time staff will have first opportunity to apply for a position with STAR under the same program on the condition that STAR is successful in obtaining the contracts and staff can demonstrate adequate performance.

Redundancy and redeployment provisions of Redland City Council Officers' Certified Agreement 2013 (and relevant legislation) will apply to permanent employees of Council when Council's formal contractual arrangements with DoH and DHPW cease. STAR has advised that they will be doing their own management of the program which will commence on 1 January 2018. As a result, the Team Leader Home Assist Secure position would be redundant from this time.

Employees on contract until 30 June 2018 will not have their contracts renewed by Council. Employees with contracts expiring prior to 30 June 2018 will be extended until this time. Staff of the RHAS team will be informed of any changes to HAS service delivery following Council's decision on this report. Ongoing communication will occur with staff as part of a formal communication plan.

STRATEGIC IMPLICATIONS

Legislative Requirements

- Under the current Service Agreements, both the DoH and DHPW require three months' written notice of an intention to not renew the agreements.
- The default contracting procedures under the Local Government Regulation 2012 apply to any arrangements made to subcontract in the delivery of the current Service Agreements. A tender consideration plan be prepared to satisfy procurement requirements. The plan is presented in Attachment 1.
- Any subcontract arrangement will be drafted by a suitably qualified person and contain all relevant details to ensure legislative compliance by both parties under the existing agreements.
- All human resource matters relating to employment change will 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).

Risk Management

Entering into a subcontract/partnership with STAR provides a level of continuity allowing Council to provide a smoother transition out of HAS service delivery. Should DoH not agree to novation from 30 June 2018 and they, along with DHPW, undertake a procurement process to establish an agreement with a new funding delivery body/s, STAR will still be required to submit tender proposal. This carries a risk that STAR may not be the successful tender, and both tenders may be allocated to different providers.

Council remains ultimately responsible for reporting and outcomes associated with the Service Agreements with DoH and DHPW. A formal binding arrangement will help ensure STAR upholds its commitment to maintaining and improving current levels of service delivery.

A communications strategy for clients and stakeholders has been developed to manage transition risks. A separate communication strategy has been developed to manage communication delivery regarding staff changes.

The current HAS phone number will be diverted to STAR for continuity of service and to avoid any confusion for current clients. However, this solution can only be short term (until 30 June 2018). A strategy will be developed on the most efficient and effective way to inform clients of a phone number change well before the change occurs.

Financial

RHAS currently operates with minimal financial impact on Council. The DHPW has advised it does not wish to see an increase in administrative spending in entering a partnership arrangement. It is the intent that this will be the case. Council will retain all funding and continue to pay staff and contractors in the same way. RHAS budget will continue to be utilised to oversee contract compliance and reporting obligations.

The redundancy of staff is unbudgeted. For the Team Leader to finish on 31 December 2017 the estimated payout is approximately \$45,700. Should the three other permanent team members not obtain alternative employment with Council, undertake redeployment or resign, the total cost of redundancy for a finish date of 30 June 2018 is approximately \$136,870 (as at 29 September 2017).

Annual leave payouts would be required for the three contract staff and this figure will change prior to 30 June 2018.

RHAS currently fields phone calls and determines eligibility for bulky item removal under the RHAS banner. A contractor from the panel of providers undertakes the

bulky item collection. This is paid for by Council (not HAS funding) with a current budget of approximately \$23,000 for 2017/18.

STAR has agreed to a capped service provision (to be detailed in the subcontract) in order to maintain spending within this current budget allocation.

In order to retain the existing phone number Council must divert it to STAR. Each diversion will cost 0.06c with an average call volume of 35 calls per day (for August 2017). The DHPW has confirmed that this cost can be paid for by the HAS budget with prior approval.

People

HAS program clients

Service continuity for HAS program clients is low risk in the short term with the transition to STAR. Once the service agreement with DHPW concludes on 30 June 2018 there is an increased risk to clients as DHPW will undertake a procurement process to appoint a new HAS program provider/s. Council will need to organise the transfer of client files at this time.

CHSP clients

Service continuity is low risk for approximately half of the CHSP clients already registered with My Aged Care. Their service continuity can be guaranteed by using alternate service providers already funded to provide services in the area. The remaining client files will be accessible to STAR by using Council's existing system for continuity purposes. Once the subcontract agreement with DoH concludes on 30 June 2018 and Council looks to novate the agreement to STAR, there is an increased risk to clients if the DoH does not agree to the novation. Registration of clients with My Aged Care will be encouraged to mitigate care continuity risks. Council will need to organise the transfer of client files at this time.

Council employees

In a formal letter of intent, STAR has provided that the current RHAS staff will have first opportunity to apply for employment with STAR should funded positions be available after 30 June 2018. They have also agreed to keep contracted staff (as Council employees) until the end of the agreement period (30 June 2018). Contract staff will no longer be employed by Council at the conclusion of their contract.

Permanent staff, with the exception of the Team Leader, will be embedded within STAR and at the end of the agreement period (30 June 2018) will be subject to redundancy and redeployment provisions of Redland City Council Officers' Certified Agreement 2013 (and relevant legislation). STAR has advised that the Team Leader position can be absorbed by their current management staffing arrangements. A comprehensive communication plan has been developed to ensure staff are properly communicated with during the transition process.

Transfer of staff from Council to STAR cannot be considered 'transfer of business' under the *Fair Work Act 2009*. Local government is expressly excluded from the Act's reference to "state public sector employees" for the purposes of transfer of business.

Contractors

Council's current panel of providers contract (T-1729-15/16-CCS) was due to expire on 31 December 2017. Under the contract, Council must provide three months' notice of contract cessation or extension. Given the funding expires on 30 June 2018 it made sense to extend the contractor panel until the end of the funding period. This also provides continuity in service delivery. It is likely that many of these contractors are already utilised by STAR and will have the opportunity to continue working under the HAS banner should STAR assume both DoH and DHPW contracts post 30 June 2018.

Environmental

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 is being developed to manage social risks. It is intended that the RHAS phone number will remain the same until the end of the funding period, at which time it will need to change. A strategy will be developed on the most efficient and effective way to inform clients of a phone number change well before this time.

The vast majority of clients will have no change to services as part of the transition process. Transition will be assisted by embedding Council staff within STAR and maintaining the current panel of providers until 30 June 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
- Principal Adviser, Strategic Partnerships
- Team Leader, Redland Home Assist Secure
- General Counsel, General Counsel Group
- Senior Workplace Relations Adviser, Human Resources Group
- Senior Management Accountant, Financial Services Group
- Senior Procurement Officer, General Counsel Group

- Senior Adviser Communications, Communication, Engagement and Tourism Group
- Service Manager Analytical Services, Information Management Group
- Fleet Manager, Corporate Services Group
- RedWaste Service Manager, Water and Waste Operations Group
- Enquiries Service, Queensland Office of the Information Commissioner
- General Manager, STAR Community Services
- Contract Manager, Home Assist Secure, Department of Housing and Public Works
- Grant Agreement Manager, Health Programs Management, Department of Health

OPTIONS

Option One (Officer's Recommendation)

That Council resolves to:

1. Prepare and adopt the tender consideration plan in Attachment 1 for the purposes of partnering with STAR Community Services in delivery of the Redland Home Assist Secure service;
2. Subject to the consent of the Department of Housing and Public Works and Department of Health, enter into a partnership arrangement or arrangements with STAR Community Services for delivery of the:
 - a) Commonwealth Home Support Program;
 - b) Home Assist Secure program; and
 - c) bulky item collection service (to be funded by RedWaste with a formal review and report to Council on continuation prior to 30 June 2018) from 1 January 2018 until 30 June 2018;
3. When offered, renew the funding agreement for the Commonwealth Home Support Program for a further two years with the intent to novate the contract to STAR Community Services;
4. Novate the contract for the Commonwealth Home Support Program to STAR Community Services from 1 July 2018;
5. Advise the Department of Housing and Public Works that Council will not be seeking to renew its service agreement for the Home Assist Secure program after 30 June 2018 and recommend that STAR Community Services continues the contract in its own right; and
6. Delegate authority to the Chief Executive Officer under s.257(1)(b) *Local Government Act 2009*, to negotiate, make, vary and discharge all necessary documents.

Option Two

That Council resolves to:

1. Prepare and adopt the tender consideration plan in Attachment 1 for the purposes of partnering with STAR Community Services in delivery of the Redland Home Assist Secure service;
2. Subject to the consent of the Department of Housing and Public Works and Department of Health, enter into a partnership arrangement or arrangements with STAR Community Services for delivery of the:
 - a) Commonwealth Home Support Program;
 - b) Home Assist Secure program; and
 - c) bulky item collection service (to be funded by RedWaste) from 1 January 2018 until 30 June 2018;
3. Not renew or novate its service agreement for the Commonwealth Home Support Program and notify STAR and the Department of Health of this intent; and
4. Not renew its service agreement for the Home Assist Secure program and notify STAR and the Department of Housing and Public Works of this intent.

Option Three

That Council resolves to continue the Redlands Home Assist Secure service in its current state and renew its service agreements when offered.

Option Four

That Council resolves to continue the Redlands Home Assist Secure service in its current state and not renew its service agreements (ending on 30 June 2018) and notify DHPW and DoH of this intent.

OFFICER'S RECOMMENDATION

That Council resolves, in accordance with discussions held in confidential session and the content of this report to:

1. Prepare and adopt the tender consideration plan;
2. Negotiate and finalise contracts in accordance with the Tender Consideration Plan and Officer's Recommendation;
3. Delegate authority to the Chief Executive Officer, under s.257(1)(b) *Local Government Act 2009* to negotiate, make, vary and discharge all necessary documents; and
4. Keep this report and attachment confidential until all actions required to implement this resolution have been completed.

Tender Consideration Plan Local Government Regulation 2012

Partnership for delivery of Redland Home Assist Secure

Background

The *Local Government Act 2009* (**the Act**) and the Local Government Regulation 2012 (**the Regulation**) provide the considerations for, and methods by which, Council may establish medium and large sized contracts. The Regulation requires local governments to use a written quote process for medium sized contracts, being contracts valued between \$15,000 and \$200,000, and a written tender process for large sized contracts, being contracts valued over \$200,000. The Regulation also provides a number of exceptions to those processes. Preparation of a quote or tender consideration plan under section 230 is one of those exceptions.

Council currently operates the Redlands Home Assist Secure service (**RHAS**) which is jointly funded by the Queensland Department of Housing and Public Works (**DHPW**) and the Commonwealth Department of Health (**DoH**). Council has entered into the following funding agreements in respect of RHAS:

- a) DHPW has provided \$606,389.15 for the 2017/18 financial year to provide home maintenance services to eligible Redland residents aged 60 years and over, and people with a disability aged under 60 years (**the DHPW Agreement**); and
- b) DoH has agreed to provide base funding of \$2,181,345.99 to be paid incrementally between 1 November 2015 and 30 June 2018, to provide home maintenance and disability modification services to eligible Redland residents aged 65 years and over (**the DoH Agreement**).

Council has been approached by a reputable community organisation in STAR Community Services (**STAR**) with an interest to deliver the RHAS on Council's behalf. Council proposes to engage STAR to carry out Council's obligations under the DHPW and DoH Agreements via a subcontract or partnership arrangement or arrangements.

Objective of the Plan

The objectives of this tender consideration plan are:

1. to conduct an efficient procurement process to facilitate the subcontracting of Council's obligations under the DHPW and DoH Agreements;
2. to support the local economy and encourage competitive local business by engaging a well-respected and established local community service provider;
3. to ensure consistency of service in the RHAS during Council's transition out of the service; and
4. to support Council's Corporate Plan outcome for strong and connected communities.

How the objectives are to be achieved

The objectives of this tender consideration plan are to be achieved by Council entering into a single formal partnership agreement or several partnership agreements with STAR commencing on 2 January 2018 and concluding on 30 June 2018, to engage STAR to carry out Council's obligations under the DHPW and DoH Agreements. This will enable

Council to ensure that the services continue to be provided by an organisation within the Redland City area and will support the local economy. Further, as Council will continue to have oversight of the delivery of the RHAS under the subcontract or partnership, there will likely be less disruption to RHAS clients and a better continuity of service will be achieved.

How the achievement of the objectives will be measured

The achievement of the objectives of this tender consideration plan will be measured by negotiating a mutually agreeable partnership agreement or agreements that imposes obligations on STAR to ensure that the DHPW and DoH Agreements are being complied with and that users of the service are not disadvantaged as a result of the partnership.

Alternate ways of achieving the objective

It is possible that the objectives may have been achieved by undertaking a Council tender procedure in accordance with the Regulation. This alternative was not adopted as a result of:

1. procurement timeframes for a commencement on 2 January 2018;
2. the shortlisted tenderer agreeing to embed existing staff for the period of the proposal;
3. the shortlisted tenderer providing a ready-made action plan to address service provision on the bay islands.

Some of the objectives of the plan may be able to be achieved if Council terminates the DHPW and DoH Agreements and STAR is successful in being awarded funding contracts from DHPW and DoH. However, the outcome of this alternative is significantly uncertain and Council would not be able to ensure consistency of service or the local delivery of the RHAS.

For the reasons stated above, it is considered that the most favourable option is for Council to directly engage STAR to undertake the relevant services.

Proposed terms of the contract

The terms of the partnership or subcontract will be negotiated between the parties for a mutually beneficial outcome. The agreement or agreements will ensure that STAR upholds its requirements to maintain the integrity of the service and complies with all obligations of the DHPW and DoH Agreements.

Risk Analysis

The following risk analysis and mitigation strategies have been identified for Council entering into a partnership arrangement and performed using Council's risk assessment handbook.

Risk	Likelihood	Consequence	Level	Treatment
Service delivery deteriorates	Unlikely	Low	L	Embed existing staff during transition period Clear output requirements in contract arrangement
HAS program delivery costs increase	Possible	Medium	M	Embed existing staff with no additional resourcing required Council has final approval of expenditure

Contractual obligations are breached	Unlikely	Medium	M	Clearly articulated requirements Assign responsible contract manager to oversee requirements
Service responsiveness is compromised and community expectations not met	Possible	Medium	M	Communications strategy for clients and contractors
Council is seen to favour one organisation	Likely	Major	E	Communications strategy for community Clear messages of intent
Poor contract management	Unlikely	Low	L	Assign responsible contract manager to oversee requirements Regular scheduled meetings

Legend:

L – Low (can be scheduled as part of regular maintenance)

M – Medium (requires attention but can be prioritised according to budget)

H – High (urgent attention required)

E – Extreme (risk is not acceptable and must be mitigated immediately)