

Beyond Aged Care Reform

Issues for Local Government

October 2018

Requests and inquiries concerning this Evaluation Report, or the reproduction or quotation of any part thereof, should be directed in the first instance to:

Chris Maclean
Senior Policy Officer, Ageing & Disability
Local Government NSW
T: 02 9242 4043
Chris.Maclean@lgnsw.org.au
lgnsw.org.au



[Twitter](#)



[Linked In](#)

This evaluation was completed by:



Jenny Bray
Training & Consulting

Jenny Bray

Email: jenny@jennybray.com.au

Acknowledgements: This paper was prepared by Jenny Bray of Jenny Bray Training & Consulting, following consultations and engagements with aged and disability sector forums which were coordinated and funded by Local Government New South Wales through the Commonwealth Home Support Program funded by the Commonwealth Department of Health. The views expressed herein do not necessarily reflect the views of the Commonwealth Department of Health or Local Government NSW.

Table of contents

Introduction	4
Context	4
<i>Increasing Number of Providers (Competition)</i>	4
<i>Ending the Commonwealth Home Support Program (CHSP)</i>	5
<i>Current Recommendations to Government</i>	5
Implications for Local Government in NSW	8
Commonwealth Subsidised Aged Care – Options for Councils	10
<i>Approved Provider</i>	10
<i>Block Funded Entry-Level Services</i>	10
<i>Aged Care System Navigator</i>	11
Opportunity to Review the Role of Council in Aged Care	11
Guidelines for Reviewing Council Services in New Aged Care	
Context	12
<i>Sample Process - Whittlesea Council</i>	13
Conclusion	16

Attachment 1 – Whittlesea Council Aged Care Services Review

Introduction

In March 2018 Local Government New South Wales (LGNSW) held a one-day forum bringing together local council ageing and disability staff and sector support officers. The objectives of the day were to:

- a) Inform, support and share information on how best to navigate the new era of market driven aged care services; and
- b) Provide an opportunity to discuss the emerging issues and longer-term role of local government in a post reform aged care policy context.

Participants agreed it would be useful to present the issues raised in Item b) in the form of 'guidelines' that community service departments could use to inform senior executives, and ultimately, elected representatives, of the range of implications that aged care reform will bring, and options that could be considered in the post-reform context.

This paper provides some background and practical examples to undertake this process and is linked to other LGNSW resources made available to councils to assist in their planning and reporting for the future of service delivery in home support and aged care.

Context

Australian aged care policy is undergoing significant reform. Commonwealth funding for aged care is moving away from 'block' grant funding of service providers, to a model where eligible individuals have access to 'packaged' funds that can be spent with a provider or providers of their choice. Under this model, aged care providers operate as businesses and do not receive block funds from government, rather they compete. The Aged Care Sector Committee (ACSC) - the key advisory Committee to the Australian Government, described the new system as "A single, market-based aged care and support system that enables seamless movement from care at home to residential care".¹

Increasing Number of Providers (Competition)

Reform is well underway with the implementation of consumer-directed Home Care Packages now being allocated to individuals (rather than service providers). Individuals can select their provider and can change providers if they wish to. Many new aged care providers have entered the market and substantial competition to deliver aged care services via Packages is already evident. In NSW, there has been a 30% increase in providers, with 70% of new entrants being for-profit providers, including four franchises from the United States of America.² And greater competition is planned. The ACSC has recommended "a staged approach to registration depending on the scope of practice of the provider", essentially enabling many more providers to enter at the non-clinical, low care service level.³ Not-for-profit providers will face significant competition, and without block funding, will need to charge market prices to remain viable. From the consumer's point of view, there may be little difference between a for-profit and a not-for-profit provider in terms of price.

¹ Aged Care Road Map, (2016), https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/04_2016/strategic_roadmap_for_aged_care_web.pdf accessed on 27/7/18.

² KPMG (2018), 'Home care market competition: Who's new?', KPMG Insights, accessed from <https://home.kpmg.com/au/en/home/insights/2017/10/home-care-market-competition.html> on 27/8/2018.

³ Aged Care Road Map, (2016), p.3.

Ending the Commonwealth Home Support Program (CHSP)

The next significant stage of reform will involve the Commonwealth Home Support Program (CHSP). Many councils in New South Wales (NSW) receive block funding under the CHSP. The CHSP was formed in 2015 with the consolidation of the earlier programs the Commonwealth Home and Community Care (HACC) program, planned respite from the National Respite for Carers Program (NRCP), the Day Therapy Centres (DTC) program and the Assistance with Care and Housing for the Aged (ACHA) program.⁴ The Australian Government intends to merge the CHSP with the Home Care Package (HCP) program after June 2020 to form a single Care at Home program.⁵ Details on how this will occur, and to what extent, have not yet been announced.

Current Recommendations to Government

There are areas where a market-driven system is known to not work effectively, particularly where: markets are ‘thin’; services involve high capital costs (such as transport); and early intervention.⁶ To address these issues, recommendations to government from the Tune Report, Legislated Review of Aged Care 2017 (some already budgeted for in 2018/19 Budget) include:

“That the government introduce aged care system navigator and outreach services to assist consumers who have difficulty engaging through the existing channels to effectively engage with My Aged Care. The services should be funded by the government and not be delivered by the government or aged care providers.”

“That the government and providers work to improve access to wellness and reablement activities to provide greater choice and better support for consumers to live independently, including by increasing access to short-term reablement supports and/or episodic care, rather than the provision of ongoing care...”

“The Department (of Health) should consider a trial where an individual CHSP service such as community transport, social support, meals or home maintenance is accessed prior to holistic assessment, for a limited introductory period of time such as six to twelve weeks. If the consumer seeks longer-term or ongoing services, they would then require an assessment.”

“That the government review whether further ways of assisting in the delivery of improved services to homeless people are needed in the context of reform to home care and residential care.”⁷

Delivering services using a volunteer model was identified as not compatible with competitive market driven models, as identified in the Competition Policy Review (2015),

⁴ Australian Government, Department of Health (last updated 23 Feb 2018), Commonwealth Home Support Programme’, accessed from <https://agedcare.health.gov.au/programs/commonwealth-home-support-programme> on 27/8/2018.

⁵ Senator the Hon Mitch Fifield (2015), Certainty for Commonwealth Home Support Programme, Media Release, Canberra, Australia: AGPS accessed from Certainty for Commonwealth Home Support Programme on 12/09/2018.

⁶ Commonwealth of Australia, Department of Health (2018), ‘Legislated Review of Aged Care’, accessed from <https://agedcare.health.gov.au/legislated-review-of-aged-care-2017-report> on 27/8/2018; Australian Government (2015), Competition Policy Review, accessed from <http://competitionpolicyreview.gov.au/final-report/> on 21/8/2018 and National Aged Care Alliance, (2018), ‘Ageing and Aged Care Position Paper’, accessed from https://agedcare.health.gov.au/sites/g/files/net1426/f/documents/12_2016/national_aged_care_alliance_naca.pdf on 27/8/2018

⁷ Commonwealth of Australia, Department of Health (2018), ‘Legislated Review of Aged Care’

Recommendation 2 - Human Services: "A diversity of providers should be encouraged, while taking care not to crowd out community and volunteer services."⁸

But also, that governments should:

- "encourage careful commissioning decisions that are sensitive and responsive to individual and community needs, and recognise the contribution of community organisations and volunteers;
- ensure that commissioned services are contestable and service providers face credible threats of replacement for poor performance;
- establish targets and benchmarks for service providers based on outcomes, not processes or inputs; and
- offer financial rewards for performance above specified targets."

Announcements on models to replace the CHSP are yet to be decided. Four options proposed by the Productivity Commission in 2011⁹ remain under consideration. Of the four Options proposed by the Productivity Commission in the Caring for Older Australians Report, **some** included block funding. The Options models were as follows:

Option 1

- The **Aged Care System** consisting of two components, with an additional third stream of supports (**Community and Carer Supports**). The two parts of the *Aged Care System* supports are:

1. **Aged Care Services (entitlement based)** - Accessed via My Aged Care system with entitlements for Australians with aged related needs.

Services:

- Personal care
- Domestic assistance
- Health/Nursing care
- Case management
- Reablement
- Palliative care
- Residential aged care
- Planned respite
- Home modifications
- Major aids and appliances

Characteristics of this part include:

- Individualised funding by Australian Government
- Fees paid by client based on income/asset testing
- Entry via My Aged Care assessment
- Referrals to community services, health and other support services
- Client has choice of provider
- Government sets price of services
- Rigorous quality assurance processes

⁸ Australian Government (2015), Competition Policy Review, accessed from <http://competitionpolicyreview.gov.au/final-report/> on 21/8/2018.

⁹ Productivity Commission (2011), Caring for Older Australians, accessed from <https://www.pc.gov.au/inquiries/completed/aged-care/report> on 27/8/2018.

2. **Aged care services (either accessed directly or via My Aged Care)**

Specific purpose services (homeless person aged care; Indigenous flexible aged care; transitional care; and for individual advocacy).

Characteristics of this part include:

- Block funding of provider, with funding from the Australian Government
- Clients can access directly or via My Aged Care
- Limited if any co-contributions by client
- Specific purpose services - client requires My Aged Care assessment within 12 weeks
- Government tenders or negotiates on funding and services package
- Rigorous quality assurance processes

3. **Community and Carers support services (available to all older Australians directly or via My Aged Care)**

Community support services:

- Social activity programs
- Wellness programs
- Day therapy programs
- Community transport
- Meals delivery
- Information and general advocacy
- Other support services (home maintenance, low level aids)

Carer Support services¹⁰:

- Carer support centres
- Emergency respite

Characteristics of Community and Carer supports are:

- Dual access - direct access or via My Aged Care or Carer Gateway referral (or in complex cases, an entitlement)
- Block funding of fixed costs mainly by the Australian Government
- State and local government can contribute funding
- Providers set user charges subject to funding guidelines
- Regulation of services limited to generic health and safety and consumer protection
- Funding reporting for accountability
- Beyond 12 weeks clients require a My Aged Care Assessment.

Option 2

- **Tier 1 Entry Level** - Continue with grant funding of CHSP (type services) but:
 - emphasis on wellness and reablement
 - assessed up to a maximum (to be determined but less than a Home Care Package level 1)
 - individuals get time limited access and then a re-assessment option
- **Tier 2 Complex Supports** - Over \$3000 or \$5000 (or agreed cap) will receive a package of supports:
 - No specific package levels
 - Assessed need to determine package amount
 - Capped maximum package based on need up to level of residential care

¹⁰ Note: The Integrated Carer Support Framework has been developed to implement this component.

- Uncapped supply
- **Tier 3 - Option for home modification, equipment and assistive technology** as separate and requiring specific assessment - available on own or in addition to Tier 1 & 2.

Option 3

- Individual Budget:
 - Domestic, personal care, home nursing, allied health/ therapy
 - Home maintenance; equipment & assistive technology (to a specified dollar amount, to be determined)
 - Meals & other food services
 - Social support paid outings and centre based with paid staff
- Block Funding (Block Grants):
 - Home modifications, equipment & assistive technology (above a specified dollar amount, to be determined)
 - Transport
 - Social support (volunteer), community visitor's scheme
 - Meals & other Food services (volunteer)
 - Specialised Support Services
 - Sector support – providers and consumers
 - Thin markets rural and remote, specific populations
 - Assistance with care & housing
- Planned Carers Support (e.g. Integrated Carer Support Framework)

Option 4

- Mostly individualised funding with 'add-ons' from block funded services e.g. case management, equipment (capped), home modifications (capped), transport, respite, meals (via My Aged Care).
- Older people can access information and social connection through the phone, on-line, or via community hub. For some, this may be enough.
- Navigators/connectors to assist the most vulnerable through the system.
- Infrastructure funds for rural and remote areas, and for specific populations.¹¹

Implications for Local Government in NSW

Aged care reform may have the following implications for Local Government in NSW:

- Councils receiving CHSP block funds will either cease receiving block funds or receive block funds only to cover capital costs. Where commissioned to deliver services, they will be required to meet outcome targets and benchmarks set by the Commonwealth.
- Uncertainty around funding will have implications for maintaining aged care sector knowledge and expertise within community service departments of councils.

¹¹ Productivity Commission, (2011). See also Commonwealth of Australia, Department of Health (2018), 'Legislated Review of Aged Care'.

- Councils delivering aged care without block funding will face significant competition for clients. Councils will be in competition with local not-for-profit agencies, and with for-profit providers (some being local businesses).
- Councils hosting community care forums may increasingly be approached by for-profit providers wishing to join. Administrative loads may increase, and the nature of the forums may shift from collaboration between service providers to provision of local market intelligence for competitive businesses/services. Where there is no profit incentive for providers to send staff to forums, the forums dwindle in membership. These types of changes occurred in many local disability service forums after the National Disability Insurance Scheme (NDIS) was implemented.
- Seniors Week events will become attractive opportunities for for-profit providers to advertise their services. Councils may be approached by providers to 'sponsor' council run events. A rationale and process for these types of situations may be required, otherwise council may be construed as endorsing specific providers. Councils have extensive experience hosting festivals and events involving businesses. The systems and processes could be extended to activities traditionally arranged by Community Service Departments, and/or Events and Community Service Departments can deliver these events in collaboration. Similar systems changes are occurring with Disability Inclusion Action Plans requiring inclusion to be embedded within events management and across other council departments.
- When councils provide information sessions to the general community on the aged care system, service providers will want to include their brochures or send staff as part of their 'sales pipeline'. These situations may give the impression that council endorses specific providers. Similarly, if council includes a guest speaker from a provider, this may suggest council is endorsing a specific provider, or may give an unfair advantage to a provider.
- Providers (for-profit and not-for-profit) may seek to access council facilities at subsidised rates. Some not-for-profit providers may already be using council facilities for little or no rent. As these not-for-profit providers compete with other not-for-profit providers, a clear rationale and transparent processes for receiving council subsidised facilities will be needed.
- Older residents are likely to continue to contact councils as a source of information about what aged care services are available locally. If the council is a provider in a competitive context, there may be a perceived conflict of interest being both a provider of services and a provider of local service information.
- Many councils produce directories of services. As aged care becomes a market place (and provider numbers increase or fluctuate), there will be a need to review directories more frequently to keep them up to date. Directories of aged care providers will also essentially be a duplication of information held in the publicly available My Aged Care Service Finder, and of private web-based platforms that are emerging.¹²
- Councils may have an opportunity to seek funds (initially pilot funds) to be an 'aged care system navigator, or 'outreach service' to assist consumers who have difficulty engaging through the existing channels to effectively engage with My Aged Care. This option is only open to councils that are not also aged care providers.¹³

¹² Ageing Agenda (2017), 'Compare aged care: new players vying to advise consumers', accessed from <https://www.australianageingagenda.com.au/2017/02/22/compare-aged-care-new-players-vying-advise-consumers/> on 12/09/2018

¹³ Commonwealth of Australia, Department of Health (2018), 'Legislated Review of Aged Care'

- Emerging markets that frame the ‘older person as full cost paying customer or client of a service’¹⁴ conflict with the Local Government frame of reference of the ‘older person as citizen in the local community’.¹⁵ The mis-match in approach and classification makes the option of councils being a provider of aged care in a competitive space more difficult.
- Aged care policy increasingly focuses on individual capacity building (reablement, restoring function etc.)¹⁶ and not on building community-wide social inclusion. CHSP funds currently available to support inclusion and active ageing initiatives may become more individually focused, diverging from councils’ community and inclusion building agendas, such as developing Age Friendly Communities.

Commonwealth Subsidised Aged Care – Options for Councils

The following sections outline broad options that may be considered by councils.

Approved Provider

Councils can become approved providers of aged care, enabling delivery of services under the Home Care Package model. Block funds to providers are not associated with this program. Where aged care markets are strong and viable, council participation as an aged care provider would place council in open competition with local and non-local aged care providers (businesses and not-for-profits). In contrast, where markets are thin, councils may be logical providers of aged care services. However, a thin market means the service is not likely to be financially viable. If the service is not financially self-sufficient, council (rate payers) may be required to subsidise the service. This would not be the case in situations where the Commonwealth directly commissions services to operate in areas that are not financially viable. Again, this may be a logical place for councils to support local communities, if sufficient funding was available to cover costs.

Block Funded Entry-Level Services

Delivery of services at the ‘lower intensity’ or ‘entry’ level is likely to be a better fit with current active/positive ageing activities delivered by many councils. The possibility of retaining partial block funds has been suggested for entry-level services such as transport, meals, home modifications and volunteer delivered social support (although the latter could move to the Community Visitors Scheme only). However, reforms are likely to introduce as much competition as possible in some of these areas, except where populations are sparse or for certain special needs or disadvantaged communities.

Predicting the likelihood of social support groups attracting partial block funding is more difficult. As communities become more ageing friendly and inclusive, and as newer cohorts of older people with differing preferences for socialising begin accessing services, the demand for

¹⁴ See also Local Government Association of South Australia, (2016), ‘Beyond 2018: Aged Care Service Delivery, Issues Paper: A role for local government’, accessed from <https://www.lga.sa.gov.au/webdata/resources/files/LGA%20Issues%20Paper%20-%20Beyond%202018%20Aged%20Care%20Service%20Delivery.pdf> on 27/8/2018.

¹⁵ Local Government Association of South Australia, (2016), ‘Beyond 2018: Aged Care Service Delivery, Issues Paper: A role for local government’, p.7, accessed from <https://www.lga.sa.gov.au/webdata/resources/files/LGA%20Issues%20Paper%20-%20Beyond%202018%20Aged%20Care%20Service%20Delivery.pdf> on 27/8/2018.

¹⁶ Australian Government Department of Health (2018), Commonwealth Home Support Programme, Program Manual 2018; and Program Guidelines, Guidelines accessed from <https://agedcare.health.gov.au/programs/commonwealth-home-support-programme/chsp-guidelines-effective-as-of-1-july-2018> on 7/9/2018.

social support groups (seniors' groups) may change. In an ageing friendly community, older people will be able to choose options such as activities in service clubs, University of the Third Age, Probus, ageing friendly pools and gyms etc. Councils may choose to fund seniors' programs to complement these offerings and enable affordable community building and even inter-generational options to support active ageing.

Hence, the demand for social support groups into the longer-term future may change, and therefore funding to support such groups may also change. Where councils are currently operating CHSP funded social support groups, consideration should be given to the percentage of consumers who are likely to be moved to Home Care Packages, and whether the service is achieving new referrals from younger cohorts of seniors. If aged care policy is successful in achieving its objectives, older people will continue to lead active, social lives and those needing to reconnect socially can be supported to do so via a wellness/reablement focussed individual support plan.

CHSP funded services delivered by paid workers, such as domestic assistance, social support individual, home and/or lawn and garden maintenance or social support group are almost certainly going to move to being delivered via Home Care Packages. Block funding for these service types are very unlikely (except where commissioned, as discussed above).

Aged Care System Navigator

Councils may choose to exit the area of aged care service delivery and focus instead on supporting active ageing and inclusion. Providing information on local services has been an ongoing role of councils. Whether and how this could continue will require further consideration, as providers come and go in the market place more frequently. The Commonwealth Budget 2018-2019 allocated \$7.4 million to assist older people to navigate the aged care system¹⁷. Four programs will be trialled including 30 aged care information hubs to provide locally targeted information and build people's capacity to engage with the aged care system. Where councils are not service providers, there is an opportunity to consider hosting an aged care information hub.

Opportunity to Review the Role of Council in Aged Care

Local Government already has a strong role in creating ageing friendly environments and communities. However, these initiatives have traditionally been designed to intersect with HACC (now CHSP) and sometimes wholly or partly funded by HACC/CHSP. Hence, the aged care policy reforms will require most, if not all councils to strategically consider their role in relation to older residents and how active/positive ageing activities intersect with the post-reform aged care context.

The Local Government Association of South Australia (LGASA) conducted a workshop with members to identify options available to councils once the post reform period begins.¹⁸ The range of options considered by councils were:

¹⁷ Australian Government Department of Health (2018), Better Access to Care - aged care system navigator, accessed from <http://health.gov.au/internet/budget/publishing.nsf/Content/budget2018-factsheet77.htm> on 28/8/2018.

¹⁸ Local Government Association of South Australia, (2016), 'Beyond 2018: Aged Care Service Delivery, Issues Paper: A role for local government', p.7, accessed from <https://www.lga.sa.gov.au/webdata/resources/files/LGA%20Issues%20Paper%20-%20Beyond%202018%20Aged%20Care%20Service%20Delivery.pdf> on 27/8/2018.

1. Fully out: No role in aged care service delivery (withdrawing slowly or transferring services to another provider)
2. Fully in: A new business model with Commonwealth package funding, council funds and customer contributions
3. Partially in: council funding for community development model plus possible block funding for some services
4. Gap provision only: Providing services for those not on packages – with full cost recovery or full council contribution

Representatives from many councils in the workshop indicated that councils were uncomfortable with entering a ‘for-profit’, market-driven competitive environment, but also that, “elected members do not want residents to be left with no support and are keen to understand where the gaps in service provision may occur”¹⁹. Whilst it is difficult to brief councils or provide recommendations when full detail of CHSP reform is yet to be released by the Commonwealth, representatives identified significant reputational and some financial risks associated with delaying decisions. Risks identified for the longer term include people “running out of money in their package”, coming to council for assistance and “expecting council to provide support”.²⁰

The LGASA workshop participants offered the following suggestions to progress consideration of these issues within councils:

- Internal reviews, such as by:²¹
 - establishing an expert panel to consider relevant issues associated with CHSP funding withdrawal, and intersections of council with the competitive aged care industry;
 - forming an executive member panel to share views and implications for roles across council;
 - using external consultants to gather information.
- Developing a clear understanding of the costs of service, identifying the degree to which council currently subsidises or provides services likely to be delivered via Home Care Packages (such as lawn mowing, home or garden maintenance).
- Identifying the extent and/or potential of volunteer involvement in service delivery.

Guidelines for Reviewing Council Services in New Aged Care Context

The following diagram outlines a sample process to identify strategic issues that councils need to address in the transition and post-reform period, and to generate options in keeping with the broader objectives of councils as stated in Community Strategic Plans. The process is a generic strategic planning process; however, suggestions of data sources and evaluation elements were designed by Whittlesea Council (Victoria) for that Council’s context and needs. NSW Councils may find the process and method used by Whittlesea Council a useful guideline for how to progress. Details of each step appear on the following page, with a sample of the practical application in the Whittlesea Council context.

¹⁹ *ibid*

²⁰ Local Government Association of South Australia, (2016)

²¹ *ibid*

STEP 1:

Develop an **Evaluation Framework** against which options will be evaluated.
Deliverable: One-page framework (sample on following pages)

STEP 2:

Identify the **implications of aged care reform** on Council objectives (CSP) and services (in status quo).
Note: LGNSW Scenario Planning activity may inform this process. Deliverable: Briefing Note

STEP 3:

Internal Scan

- Develop a clear understanding of the costs of services, identifying the degree to which council currently subsidises or provides services likely to be delivered via Home Care Packages (such as lawn mowing, home or garden maintenance).
- Identify the extent and/or potential of volunteer involvement in service delivery.
- Executive panel to identify implications for roles across council.

External Scan

- Market analysis: range of service providers (for-profit and not-for profit) and the rate of increase of new providers entering the area.
- Economic / Social-Demographic / Technological context (part PESTL analysis).
- Review/conduct consultations with seniors regarding availability of active ageing opportunities in LGA.

STEP 4:

Identify the **strategic issues to address** (opportunities, gaps, risks)
Deliverable: Briefing Note

STEP 5:

Develop **options** to address strategic issues
Deliverable: Report / Report Summary

STEP 6:

Develop **financial analysis of options**
Deliverable: Report / Report Summary

STEP 7:

Evaluate options against Evaluation Framework
Deliverable: Detailed Evaluation Matrix

STEP 8:

Develop recommendations for action
Deliverable: Report to Council

Sample Process - Whittlesea Council

The following pages provide further detail to explain the process depicted on the previous page. The sample content provided was derived from a process completed by Whittlesea Council.²² Readers can adapt/adjust this material to suit the context (e.g. councils that are not currently CHSP funded as direct service providers may delete some steps).

²² Acknowledgement to Whittlesea Council (Victoria) for the Evaluation Framework sample.

Step 1: Establish an evaluation framework against which options (e.g. service models) will be evaluated

Domain	Mandatory / Desirable Elements of the domain
Quality	Providers are registered as approved aged care providers (mandatory) Range of service types available Minimal disruption to clients e.g. continuity of direct care staff Integration with aged care service continuum and with health services
Equitable Access	Services available across the LGA (mandatory) All eligible clients (including people with complex care needs) have service options available Service options are available for all days and times Services are culturally and socially responsive (access available for people with diverse needs) Service fees are affordable, hardship provisions available
Legal and Regulatory (all mandatory)	Complies with Commonwealth funding guidelines and contract stipulations Complies with National Competition Policy Complies with Corporations (NSW) Act or other relevant legislation Complies with industrial legislation and industrial awards
Feasibility	Can be implemented and operational by July 2020 (mandatory) Risks have been identified and mitigated or managed Council has the capacity and capability to undertake the option
Viability and Sustainability	Reduction in cost to Council (mandatory) Total of Council contribution to operation costs and total of savings available for reinvestment or reallocation in 3,5 and 10 years Transition costs (transformation, establishment or transfer costs) as a proportion of potential savings
Fair Work	Minimal impact on current Council staff salary and conditions Staff have secure and stable employment with a reputable employer
Market Maturity	Adequate number of providers to provide the required level and range of services Enough and diversity of offerings across service providers Client and community can navigate the system and exercise choice Clients and stakeholders have reliable, transparent and accessible information to inform decisions on service quality and price
Strategic Alignment	Delivers on Council's commitments to elder people as documented in (Community Strategic Plan, Ageing Strategy etc.) Provides opportunities for Council to fulfil its stated role with regards to older people There is minimal impact on residents' ability to receive other services currently delivered by Council
Economic Development	The number and diversity of locally based businesses and not-for-profit services is maintained or grows There are employment opportunities for local residents

Step 2: Review existing services and the likely implications of aged care reform
(Note: LGNSW Scenario Planning activity may inform this process)

Review CHSP funded services with regards to service type (noting some service types are extremely likely to only be delivered via packages); client profile; client numbers; outputs; Commonwealth funding; client contributions; council subsidy (if any); staff profile.

Review services funded by council that are aged-care like services (lawn/garden and home maintenance; seniors' activities or other) with regards to service type; client profile; client numbers; outputs; client contributions; council subsidy; staff profile.

Identify likely implications for CHSP funded services relating to CHSP transition to packaged care or part block funding (based on service type).

Identify likely implications for Council funded services for older people (lawn, garden, etc. and any positive/active ageing council funded programs).

Step 3: Conduct Internal and External Environmental Scans

Assess the impacts of aged care reform on council with regards to delivery of Community Strategic Plan; resourcing strategy; reputational risks; financial and industrial risks.

Asses the external environment identifying range of service providers (for-profit and not-for profit); the rate of increase of new providers entering the area; and active ageing options in the LGA.

Step 4: Identify potential service gaps, opportunities and risks

Identify service gaps or low areas of service coverage (equitable access and market maturity).

Identify opportunities to realign services and/or policies to enhance council's agenda regarding active ageing and inclusion.

Identify risks to delivery on Community Strategic Plan and other areas.

Step 5: Develop Options

Examples could include (design specifics of the model to suit council's context):

- Fully out: No role in aged care service delivery (withdrawing slowly or transferring services to another provider).
- Fully in: A new business model with Commonwealth package funding, Council funds and customer contributions.
- Partially in: Council funding for community development model plus possible block funding for some services.
- Gap provision only: Providing services for those not on packages – with full cost recovery or full Council contribution.

Step 6: Financial Modelling/Analysis of Options

Financial modelling of each option to quantify operating and transition costs and to enable comparative financial assessment of options. Provide indicative total cost over 10 years including transition costs and projected annual costs.

Step 7: Apply Evaluation Framework to Options

Develop a matrix of service options assessed against the Evaluation Framework (step 1).

Step 8: Generate Recommendations.

Conclusion

NSW councils have been key stakeholders in the provision of community care services for many decades. Current services delivered by councils provide significant care and support to older citizens in their LGA. Ultimately, the move to a market economy for aged and disability services has impacted, and will continue to impact, on councils' future service provision for years to come, not only in terms of direct community care service provision, but also how councils intersect with the competitive, market-based aged and disability service sectors.

This paper was produced following an LGNSW Aged and Disability Forum where council staff participants requested practical 'guidelines' that community service departments could use to inform senior executives and elected representatives of the range of implications that aged care reform will bring and options to be considered in the post-reform context.

As such, the paper is presented as another resource document to assist councils in their planning process for councils' 'end game' in response to the Aged Care Reforms. It provides the context of the reforms, outlines proposed next stages of reform and potential implications for local government. It also provides examples of what councils are doing in other states and some recommendations and opportunities for councils.

This paper will help council staff identify how best to continue their stewardship role for their community to ensure human service provision is effective at meeting the needs of all local citizens.