Context

The Commonwealth Government’s introduction of a ‘consumer directed care’ approach to ageing will fundamentally change the way Australians receive funding for and access services as they grow older.

Once fully implemented by July 2018, these reforms will have significant implications for councils, both in their role as aged care service providers and providing an opportunity to reshape the vital contribution local government makes to the health and wellbeing of our communities.

On 18 May 2016, the Local Government Association of South Australia (LGA) held a workshop with councils to consider the future role of local government in the context of these reforms. This paper considers the topics discussed in the workshop and presents a role for the LGA to inform future decision making and advocacy.

Background

Commonwealth Government Aged Care Reforms

The Commonwealth Government’s Living Longer Living Better reforms to aged care were announced in the 2015-16 Budget. 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.

In stage one of the reforms, from 27 February 2017, funding for a home care package will follow the consumer as they change providers or location. This replaces the direct allocation of places to providers based on location through the Aged Care Approvals Round (ACAR). A consistent national approach to prioritising access to packages will be established through the My Aged Care website, along with a streamlined process for organisations to become approved providers.

The second stage, intended to be implemented from July 2018, the Home Care Packages Programme will be integrated with the Commonwealth Home Support Programme into a single care at home program. Funding arrangements will change as block funding traditionally implemented by Local Government Home and Community Care (HACC) programs are ceased.

The new model consists of four levels of care packages that older people can move between as their needs change; basic, low level, intermediate and high level home care. While the total number of packages will continue to be capped nationally, the reforms increase the planning ratio from 27 to 45 home care places per 1,000 people aged 70 years and over by 2021-22.

The Commonwealth describes these reforms as consumer driven, less regulated and market-based. They aim to create the opportunity for providers to facilitate and work in partnership with the consumers in developing their care plan. They aim to give the consumer a stronger voice in deciding what types of care and services they receive, as well as empowering them to change providers if they choose.

The Aged Care Legislation Amendment (Increasing Consumer Choice) Act 2016 has received Royal Assent and is in place to allow for the first stage reforms. The Australian Government’s Department of Health is currently consulting on further amendments to the delegated aged care legislation required for implementation. Details of changes and proposed amendments are outlined in Attachment A.

Further legislative changes will be required for stage two.
Challenges and Opportunities for Local Government

The changes outlined in Increasing Choice in Home Care measure present a number of immediate challenges and opportunities for local government. These include:

- the direct competition councils will face from other ‘not-for-profit’ and private providers for the provision of home based care;
- uncertainty about future aged care funding and the difficulty operating in a consumer / client orientated environment. The new model challenges local government’s unique ability to view older people as citizens of their local community, not consumers or clients of a service;
- councils have previously worked from the position of being able to undertake a holistic approach to an ageing population – a point of difference from that of other providers;
- local government will need to renew its focus on social connection, something that has often complemented the aged care home services provided through HACC block funding; and
- the potential loss of funding and a shift towards functional capacity rather than social inclusion provides an even greater impetus for local government to actively support their older people across all the domains of active ageing.

Immediate responses following Commonwealth announcement of reforms

LGA ageing strategy 2016-2021, leadership and advocacy

Noting the impact the transition from the HACC program to the Commonwealth Home Support Program will have on funding for councils, the LGA Secretariat and the Local Government Community Managers Network (LGCMN) jointly acknowledged the need to revise the LGA ageing strategy. With support from the LGA, the LGCMN successfully applied for Local Government Research and Development Scheme (LGR&DS) funds to develop a revised LGA ageing strategy to address these emerging issues.

The LGA ageing strategy 2016-2021 was developed by the LGA and the LGCMN in consultation with local government elected members and planning, community services, engineering, operations and executive staff. It was formally endorsed by the LGA Board on 19 May 2016 and is available online here [www.lga.sa.gov.au/ageing](http://www.lga.sa.gov.au/ageing)

The strategy presents a range of activities that will support councils in recognising and responding to the needs and aspirations of their communities as people grow older and includes a specific strategic action to ‘Develop a coordinated plan to prepare councils for the possible loss of block funding as a result of Commonwealth Reforms, and to position them to provide continued services and support to their older residents’.

In the lead up to the federal election, the LGA has supported the Australian Local Government Association (ALGA) in calling on all political parties to commit to ensuring councils have access to adequate untied grants to ensure they can continue to meet community needs through the provision of services, including aged care.
Council responses to the Commonwealth aged care reforms

A survey of councils across South Australia in preparation of the LGA ageing strategy 2016 – 2021 highlighted that councils are taking a range of approaches to the Commonwealth reforms. These include:

- participating in consultation, preparing submissions and advocating for citizenship approach to older people taken by local government in South Australia
- improving their knowledge through participation in focus groups, seminars, workshops, webinars
- changing team structures, staffing and delivery models
- providing or committing to additional council funding
- pursuing research to understand different business models and gaps in service delivery
- moving to wellness/re-enablement focus rather than a client service focus
- seeking partnerships as a way to continue to provide services to older people. Future partnerships may range from working with peak bodies and large organisations, through to regional collaboration and partnerships with smaller service providers.

On the issue of the future funding of services to older people, while some councils noted that they have existing grant funding and still expect the Commonwealth to continue to provide block funding in some form, others suggested that a loss of Commonwealth funding would see their council continue to fill any funding gaps or shift its focus to different models or services. Some councils reported that they foresee (additional) resident co-payments and reductions in staffing, with a number noting a reputational risk as members of the public assume that these services are currently council funded.

LGA workshops

Future of Local Government Home Support Programs, 2 December 2015

The LGA’s workshop Future of Local Government Home Support Programs summarised local government’s unique offering as:

- We know the community
- Will fill in the gaps not funded in any package – cohorts / community needs will miss out
- We are long-term, established providers
- We have infrastructure and wider services/group/community centres that can be tapped into
- We provide a high level of customer service – promote independence and view people as citizens
- We are best at providing social support groups, home modifications and transport.

It identified several ways to ‘sell our strengths’, being:

- Keep elected members informed and support decision makers – use their influence
- Use consumer stories – tell the personal story
- Keep consumers and communities informed
- Use partnerships to speak with a united, consistent voice
- Use networks, LGA and other peak bodies
Beyond 2018: Aged Care Service Delivery, 18 May 2016

At the LGA ‘Beyond 2018- Aged Care Service Delivery’ workshop, a broad range of councils came together to consider local government’s role in aged care in a future that is less likely to have HACC block funding. The workshop was an opportunity for councils to share their approach to putting in place strategies for the new model and to discuss future advocacy and the role of the LGA.

The next section of this Issues Paper provides an overview of the issues discussed in the workshop and defines actions for the LGA in its leadership and advocacy role. References to council opinion are made in the general sense expressed in the workshop. This may not represent formal council positions.

Issues and actions

A. The future role of local government in aged care

While the Commonwealth reforms have created a high degree of uncertainty, councils are using this as an opportunity to reaffirm their commitment to older residents in their communities. Councils have a strong sense that there is a future role for local government in supporting the needs of people as they get older and are actively examining their role in the provision of aged care services.

Under the reforms, councils have the ability to access package funding to deliver aged care services provided they achieve ‘approved provider’ status and are a customer’s provider of choice. However, at this point many are uncertain of taking this direction and their ability to achieve financial sustainability in the market with uncertain demand and direct competition from private and not-for-profit organisations.

The role of local government in providing a sense of community is clearly a major focus for councils, who note their role extends further than the provision of aged care services. Several councils have, or are in the process of developing, strategies that link aged care to community wellbeing and social inclusion, such as community development plans and active ageing strategies.

Councils recognise that they are often the first point of contact for older members of the community, who have a strong sense of trust for council services. This often results in councils supporting the more vulnerable members of society and providing advice, advocacy and referral to other services. Building on a deep understanding of their communities, councils are best placed to build partnerships, by making connections and facilitating joint ventures. This is especially true in rural areas, where country councils have a particularly strong the connection with their local community.

Participants noted the valuable contribution volunteers make in supporting older citizens and delivering aged care services. The Commonwealth reforms provide an opportunity to increase awareness of volunteer programs and to seek out new volunteers on the basis of need, interest, skills sets and expertise.

What home and community care services does your council offer to older residents?

There is an inconsistency across councils of the aged care services on offer. Typical services include domestic assistance (cleaning and personal care), home maintenance and modifications, meals, volunteer programs, flexible respite, social programs, transport, medical appointments and carer support.

Similarly, the way services are paid for differs between councils. Councils reported that a typical split is a Commonwealth contribution of approximately 70 per cent, followed by a council contribution ranging from zero to 30 per cent. At some council users can expect to make a donation or pay a fee for certain services.
What will local government continue to offer if ‘packaged care’ is the only funding stream?

It should be noted that many in the workshop were surprised to learn that a small number of councils do not currently offer any form of home care support and are only providing transport and social services.

In response to the Commonwealth reforms, some councils have expressed a view that they do not see a future role for local government in providing home care services, particularly in a ‘for profit’ and competitive market. However, many are concerned about the gaps in service provision, particularly one off services and meeting the needs of vulnerable community members and see a role for local government to provide the community, transport and social wellness ‘aged care’ activities.

Some councils are planning to continue deliver the same types of services under the new model, while others consider local government’s role will be to provide entry level services in advance of basic and low level aged care services.

There is uncertainty of how the package funding system will work when customers do not need an aged care package, for example for a one-off service such as a gutter clean. It was also suggested that while packages may meet customer needs in terms of function, they do not to stretch to social programs. This means that council viewed as propping up packages and stretching beyond ‘aged care’ to ‘social’ services.

A strong view in the workshop was that the services offered by councils should be separated from traditional aged care services by language, noting councils are not ‘aged care providers’ they are ‘supporting older members of the community’.

It was noted that councils are unsure how to manage changes to ‘back of house’ provision of services and provide budget line to this. There is no capacity to make profit or provide a buffer to support service provision through lean quieter times. The administrative overheads in councils may be too high to make their service competitive.

There is concern among local government regarding the consequences for residents in rural areas where country councils are often the only provider of certain type services.

What do your elected members think of the Commonwealth reforms?

The vast majority of councils have yet to formally engage their elected members on the details of the Commonwealth reforms. Councils feel there is insufficient information from the Commonwealth and as such they are not in a position to give good advice or make recommendations on this issue. Conversely, some acknowledged that while it is too premature to know the future role for the council, they have started to informally engage elected members on the debate.

Participants did report that, for the most part, elected members are fond of the aged care services their council provides (as they receive positive feedback from community members) and are supportive of the principle of a role for local government. 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.

There is very real risk that the Commonwealth reforms will lead to a reduction in local government funding for meeting the needs of older people in their communities. As such, it will be important to keep elected members informed as the Commonwealth releases further information and consults on the implementation of the second stage of the reforms.
B. Council strategies to plan for beyond 2018

The LGA workshop was used as an opportunity to identify the options available to councils once a new funding model applies in 2018. Based on the assumption that package care is the only source of funding, a key consideration before individual councils is to determine if they want to provide a direct service as ‘approved providers’ under the new aged care package model, or to focus on a broader role, responding to local needs in partnerships with other providers. It is acknowledged that most councils are unlikely to exit aged care services altogether and that there may be a ‘blended role’ for local government.

What options are you considering for age care service delivery beyond 2018?

i. Fully out: No role in aged care service delivery
ii. Fully in: A new business model with Commonwealth package funding, council funds and customer contributions
iii. Partially in: council funding for community development model plus possible block funding for transport and social services
iv. Gap provision only: Providing services for those not on packages – with full cost recovery or full council contribution

Process for decision making

Councils shared their approach to undertaking internal reviews, with examples such as establishing an expert panel to cover all aspects of the issue (from aged care to NDIS) and forming an executive member panel to share views and implications for roles across the service. Some have engaged external experts to identify strategic options with an open ended question of the role of local government. For many, all options are on the table internally, with a view to engaging external expertise for further consideration of options.

At this stage, recommendations to elected members are still largely unknown for many councils. Further information and consultation is required from the Commonwealth and councils are seeking a leadership and advocacy role from the LGA.

It is clear that budget bids will be an important part of the process for any recommendation that includes ongoing service provision once the block funding ceases in 2018. It is acknowledged that councils need to develop a clear understanding of the cost of service delivery to ensure an evidence based approach to decision making.

At this stage, the major risks associated with council strategies include extended delays in decision making while waiting to see what other councils do, not addressing community expectations and running a reputational risk as a result of Commonwealth funding decisions. Prudent councils have placed staff on contracts in line with available funding and identified the need to obtain approved provider status from the Commonwealth.

Volunteering and partnerships

Councils are starting to recognise the opportunities presented in developing a strategic approach to using volunteers and their role in providing a different mode of delivery (this is a strong brand/point of difference between councils and private providers). Councils have identified that they would benefit from sharing examples and benchmarking to inform the use of volunteers in supporting the needs of older members of their community.

There are many avenues available to develop partnership models, which may already be in place in rural areas due to necessity. In a new model, collaborations in rural and remote settings will be essential to prevent isolation and loneliness as health and wellbeing issues. Metropolitan councils are looking to regional partnership models, in addition to starting to talk to not-for-profit aged care providers to discuss partnerships and/or transition of services to these providers.
Planning for the NDIS

It is acknowledged by councils that there will be a high level of demand for aged care services as South Australia's community ages. While there is a need to consider NDIS and State funding options, there is a strong sense that many customers will not be eligible for the NDIS for the services they require. Further understanding is required on this issue and the application of NDIS funding as an element of models for community support.

Further Issues

Participants discussed a number of potential risks with a consumer directed care funding model. In summary, these are:

- Sustainability of the private sector – and will people come back to council for support?
- Councils do not have the ability (flexibility and price) to compete with private sector.
- Customers will run out of money in their packages for social services
- Some older people are being refused package care services already
- Current non alignment or difficulty to align the My Age Care approach with the priority access guidelines prepared by councils

Potential gaps in service provision:

- Supported residential facilities (many will not fit criteria for NDIS criteria) and 40-60 year olds with chronic disabilities
- Transport will be much more expensive for customer when accessed through package
- Packages will meet day to day needs, but the social and community connection is not being met
- System not suitable for people who are vulnerable or not assertive (requires self-identification).

Therefore there is a role for council as referral / facilitator (through partnerships)

C. Future advocacy and the role of the LGA

This Issues Paper presents an overview of the current situation and gives councils a common source for continuing the conversations with elected members as the implementation of Commonwealth reforms approaches.

The LGA Board has approved an allocation of $50,000 from the Local Government Research and Development Scheme (LGR&DS) to support the delivery of the LGA ageing strategy 2016-2021.

Participants of workshop noted that the LGA ageing strategy 2016-2021 includes a specific strategic action to ‘Develop a coordinated plan to prepare Councils for the possible loss of block funding as a result of Commonwealth Reforms, and to position them to provide continued services and support to their older residents’.

The LGR&DS funding will be used to provide a resource from local government to lead the work; a significant output will be to develop the coordinated plan and discussion paper in response to the Commonwealth reforms. The Community Managers Network will act as a steering committee for the implementation of the strategy.
In line with the outcomes of the LGA workshop, the LGA will establish a working group and will continue to work closely with the Community Managers Network to:

- Prepare a Discussion Paper to:
  - explore possible options for service provision and new avenues of funding
  - research what is happening interstate
  - look at global trends (reality of international examples of consumer directed care models),
  - share knowledge / bring together discussions being held at different councils
  - research to define the impact of the NDIS (changes to funding and service delivery) and provide information to consider what the service gaps will be and who will this affect in the community
  - assist with collective applications for tenders for block funding should the need arise
  - identify potential sources for funding and opportunities for innovative research

- Support the Australian Local Government Association (ALGA) in calling for councils to have access to adequate untied grants to ensure they can continue to meet community needs through the provision of services. This includes block funding for aged care services.

- Assist councils to speak as one voice when advocating to Commonwealth for funding, in a way that demonstrates the advantage and value that local government brings to the table (volunteers, citizenship, knowledge of community, broader social and community plans and understanding).

- Continue to define the role of local government in aged care service delivery and continue to support those councils who do want to continue to offer services under a model where package care is the only funding

- Coordinate information across local government and continue to develop opportunities to collaborate

- Develop a shared set of principles that reflect how local government will support older people in the community in the future - link with health and strategic plans

- Promote working together through shared programs and multi-regional partnerships
## Stage 1 reform to Commonwealth home care funding arrangements: Legislative changes

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<th>Issue</th>
<th>Amendment Act</th>
<th>Delegated Legislation (Principles)</th>
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<td>(received royal assent and to commence on 27 February 2017)</td>
<td>(proposed and consulting only until after caretaker)</td>
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| **Prioritised Home Care Recipients** | Establishes a national framework for prioritising home care recipients: more equitable process (when care needs change) and flexible based on individual needs (including when they move location). Customers placed on a prioritisation list (national waiting list) managed by My Age Care. Packages assigned based on:  
- Customer need/circumstances as determined through assessment by an Aged Care Assessment Team  
- Time person has been waiting for care | Allows prioritisation to manage circumstances where there has been a change in the consumer’s needs (Item5). Description: where a customer is assessed for care for a second time and their needs are at a higher level- the wait time will be based on the appropriate level. This means they will not ‘jump the queue’ for any new level of care required. |
| **Accountability** | Establishes a national framework for prioritising home care recipients | Additional requirement for providers to notify the Commonwealth within 31 days of a consumer ceasing care with that provider (this provision already occurs – but this is a new requirement (is 31 days too long? Is 14 days appropriate?) |
| **Allocation** | Attaches funding for a home care package to the consumer, who will direct the funding to their provider of choice. Providers no longer have to apply for home care places. | Remove home care from the allocation principles. Allocations will continue to operate in relation to residential care and flexible case. Allocations have been replaced by the national prioritisation process. |
| Approval of care recipients | Creates a consistent national approach. | Sets out eligibility based on specific package home care levels)  
- level 1 – the person is assessed as requiring a basic level of home care  
- level 2 – the person is assessed as requiring a low level of home care  
- level 3 – the person is assessed as requiring an intermediate level of home care  
- level 4 – the person is assessed as requiring a high level of home care. |
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<td>Approved provider</td>
<td>Changes arrangements for residential, flexible and home care</td>
<td>Removes approved provider principles that the Secretary must consider when assessing applications to be approved providers (this has moved into the Age Care Act.</td>
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| Quality agency              | Stakeholder concerns that  
Changes to criteria and approval process for becoming an approved provider reduce red tape. Some stakeholders raised quality concerns regarding providers’ initial entry to market, recommencement of service provision and significant expansion of service (scope) | Require approved home care providers to give self-assessment information to the Australian Age Care Quality Agency – expected to be needed in first few months of service and be used to determine whether more scrutiny is required. |
| User rights                 | New arrangements for unspent home care amounts - intended to limit barriers for consumers to change providers | Significant amendments to establish provider responsibilities – allowing the unspent home care amount to move with the consumer (still elements out for discussion as unpopular with service providers who want to keep the money for their services). Still considering Transparency and disclosure of exit fees, Transitional provisions and Reconciliation of unspent home care amounts |
| Sanctions                   | Provides for sanctions to be imposed when an approved provider is non-compliant. Set out in the Act, but no changes – to be proposed in the Principles. | Proposed sanction related to unspent home care amount |
| Records                     | Provides for changes to records management. Set out in the Act, but no changes – to be proposed in the Principles. | New provisions: copies of notices relating to unspent home care amounts and sharing these with the care recipients, or their estates. To be retained as a source for complaints resolution. |