

Minutes

Special Meeting of Council

Monday, 19th October 2015



City of
KINGSTON

community inspired leadership

**City of Kingston
Special Meeting of Council**

Minutes

19 October 2015

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	<i>[Note that any Conflicts of Interest need to be formally declared at the start of the meeting and immediately prior to the item being considered – type and nature of interest is required to be disclosed – if disclosed in writing to the CEO prior to the meeting only the type of interest needs to be disclosed prior to the item being considered.]</i>	
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The meeting commenced at 7.13pm in the Council Chamber, 1230 Nepean Highway, Cheltenham.

Present: Cr Geoff Gledhill (Mayor)
Cr Tamara Barth
Cr Tamsin Bearsley
Cr Ron Brownlees OAM
Cr David Eden
Cr Paul Peulich
Cr John Ronke
Cr Steve Staikos
Cr Rosemary West OAM

In Attendance: John Nevins, Chief Executive Officer
Mauro Bolin, General Manager Community Sustainability
Paul Franklin, General Manager Corporate Services
Daniel Freer, General Manager City Assets and Environment
Jonathan Guttman, General Manager Planning and Development
Megan O'Halloran, Manager Communications & Community Relations
Rob Crispin, Manager Community and Aged Services
Phil De Losa, Program Leader Governance
Joanne Creedon, Governance Officer

It is recorded that Council was unable to provide public notice of the Special Meeting in accordance with Section 89(4) of the Local Government Act 1989. Pursuant to Section 89(4A)(b) of the Act the urgent or extraordinary circumstances which prevented Council from providing at least seven days public notice of the Meeting was because of the urgent nature of the issue under consideration to ensure that Council complies with its obligations under the Aged Care Act 1997 to advise residents and families of the result of the Residential Aged Care Request for Proposal as soon as possible.

1. Apologies

There were no apologies submitted to the meeting.

2. Foreshadowed Declaration by Councillors, Officers or Contractors of any Conflict of Interest

There were no Conflicts of Interest submitted to the meeting.

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3. Confidential Items

Moved: Cr Brownlees

Seconded: Cr Peulich

That in accordance with the provisions of section 89(2) of the *Local Government Act 1989*, the meeting be closed to members of the public for the consideration of the following confidential items:

3.1 Sale of Residential Aged Care Bed Licences and 101-103 Collins Street to a Preferred Respondent (CON-14/160)

This agenda item is confidential in accordance with the Local Government Act s89(2) as it relates to contractual matters (s89 2d)

CARRIED

The meeting was closed to members of the public at 7.14pm

Procedural Motion

Moved: Cr Staikos

Seconded: Cr Barth

That the meeting be opened to members of the public

CARRIED

The meeting was opened to members of the public at 7.54pm

The meeting closed at 7.54pm

Confirmed.....

The Mayor 26 October 2015

Note: Attached to the Minutes is a copy of the Officer report and the resolution relating to the matter considered. Council resolved that this information not be confidential after certain actions were completed. The attached documents reflect the Council Resolution.

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Agenda Item No: 3.1

SALE OF RESIDENTIAL AGED CARE BED LICENCES AND 101-103 COLLINS STREET TO A PREFERRED RESPONDENT (CON-14/160)

Contact Officer: Rob Crispin, Manager Community & Aged Services

Purpose of Report

This report advises Council on proposals received for the sale of Council's residential aged care bed licences and 101-103 Collins Street to facilitate the construction of a new residential aged care home that meets the needs of the Kingston community (Request for Proposals - Contract 14/160).

The proposals received also involve the Mordialloc Community Nursing Home (MCNH) that has included its 30 bed licences with Council's 142 bed licences; and the leasing of Council's four residential aged care homes (Nixon Hostel, Northcliffe Lodge, Corben House and the MCNH).

Disclosure of Officer / Contractor Direct or Indirect Interest

No Council officer, contractor or MCNH Committee of Management member who has provided or received advice in relation to this report has declared a Conflict of Interest regarding the matter under consideration.

Confidentiality

This report and attachments are confidential to protect the commercial confidentiality obligations which Council owes respondents to Council's Request for Proposals (RFP) procurement process, obligations associated with the Aged Care Act and the Memorandum of Understanding with the Mordialloc Community Nursing Home. These obligations have been confirmed through Council's legal advisors.

It is proposed that the Resolution of Council and Mordialloc Community Nursing Home Board remain confidential until residents and families are advised.

Probity

The undertaking of the RFP (Contract 16/140) involved those exposed to the respondents' submissions to sign Confidentiality and Conflict of Interest Acknowledgement Forms.

An internal probity advisor and external probity auditor were appointed to oversee the RFP process. The external probity auditor has provided a statement that includes the following conclusion: *"In all material respects, the request for proposal process has been undertaken in accordance with the approved Probity Plan and generally accepted probity principles. We are not aware of any probity issues that would prevent the Tender Evaluation Panel from recommending the preferred provider to Council as outlined in the Evaluation Panel's Report of 16 September 2015."*

OFFICER RECOMMENDATION

That Council:

1. Accepts Southern Cross Care's (Vic) offer to purchase Council's 142 bed licences and 101-103 Collins Street, Mentone at a combined price of [REDACTED]
2. Requires Southern Cross Care (Vic) to enter into a Section 173 agreement including that 101-103 Collins Street, Mentone is to be developed for a residential aged care home only, and stipulating maximum height and setbacks.
3. Resolves to lease Council's four residential aged care homes to Southern Cross Care (Vic) commencing at a year one value of [REDACTED]
4. Requires that the Corben House bed licences and the operational elements of the home be maintained for a minimum of five years with residents from Corben House being given priority access to vacancies at the new Collins Street home.
5. Maintains all detail contained within the Evaluation Panel's Report (Appendix 1) as 'Confidential' to protect the commercial interest of respondents to the Request for Proposal process.
6. Maintains the financial arrangements of Council's dealings with the successful respondent Confidential until such time as ownership of the divested assets passes.
7. Progresses stakeholder communication in accordance with a deferred communication framework and ensuring that the residents and their nominated representatives be informed of Council's decision before other parties.
8. Receives a further Report with respect to Council's four residential aged care buildings and land before the facilities become vacant to enable Council to determine their respective futures.
9. Acknowledges the recent Commonwealth Government Accreditation of its three residential aged care facilities and recognises all residential aged care staff and volunteers for their commitment.
10. Determine that this report is to remain confidential until officers first advise the residential aged care residents, their carers/families/representatives and affected employees of this decision.
11. Extends delegated authority to the Chief Executive Officer to undertake all actions necessary to give effect to the above resolutions including the undertaking of all legal requirements and execution of relevant documents, stakeholder communication, support of Mordialloc Community Nursing Home, and staff matters.

1. Executive Summary

On the 17th January 2015, a public invitation was extended for registered and experienced residential aged care providers to submit proposals for the purchase of residential aged care bed licences, and land at 101-103 Collins Street, Mentone, for the purposes of developing a new residential aged care home. The offer involved 172 bed licences; four residential aged care homes owned by Council; and leases associated with these homes. The Mordialloc Community Nursing Home (MCNH) Committee of Management, which operates one of the homes that Council owns, has joined Council in the Request for Proposal (RFP) process in relation to the sale of its 30 bed licences.

In response to the RFP, six experienced residential aged care operators made submissions in accordance with the assessment criteria in the RFP specification. An evaluation panel assessed these six operators against the RFP criteria and then selected three respondents to progress to interview stage. Following interviews, two respondents were selected to progress to the site visit stage. Southern Cross Care (Vic), a not for profit Aged Care provider, was then selected by the evaluation panel as its recommended provider.

The detailed evaluation report from the Evaluation Panel including its recommendation is included as a confidential report in Appendix 1.

2. Background

Several reports concerning Council's involvement in residential aged care have been considered since 2006. In particular, the reports have identified challenges with Council's involvement in residential aged care which have increased over the period, including:

- Council's three homes cannot offer 'ageing in place' due to restrictions with the buildings and staffing model. This has led to disruptive relocations of residents.
- Council's three homes and the MCNH do not meet community expectations in a competitive market due restrictive building design and inability to modify the infrastructure.
- All four homes are ageing and need replacement now or in the near future.
- The relatively small size of Council's homes and the limitations indicated above have resulted in declining occupancy levels (averaging 72% for Council's homes in 2014/15) and net financial deficit of \$2.3M for Council's homes in 2014/15.

In response to the above challenges Council has over several years considered various options and resolved to first address the operation of Northcliffe Lodge through a public call for proposals to transfer its 60 bed licences to an alternative site in Kingston to be operated by an alternative provider. This attempt was thwarted by an inability of the selected provider to acquire land. Subsequently, Council resolved its intent to sell its former Collins Street depot site at 101-103 Collins Street and bed licences from its three homes to a new provider that would construct a new home on the Collins Street former depot site. The MCNH was offered to participate in this venture and it has undertaken to do so by including its 30 bed licences with Council's offering through the RFP process.

The relevant resolutions of Council were determined at its meetings held on 16 December 2014, 22 September 2014 and 25 March 2013. These are replicated as Appendix 2.

3. Discussion

3.1 Council Plan Alignment

Goal 3 - Healthy, Strong and Connected Communities.

Outcome 3.1 - Enhanced community wellbeing and participation in community life; and
Goal 1.1 – Assets are managed and used to meet the needs and provide for current
and future generations.

Outcome 1.1.1 Provide ongoing management of existing assets.

3.2 Evaluation Panel Membership

The Evaluation Panel comprised:

Mauro Bolin, General Manager Community Sustainability;
Paul Franklin – General Manager Corporate Services;
Bernard Byrden – Manager Finance;
Julian Harvey – Manager Property Services;
Rob Crispin – Manager, Community & Aged Services;
Chandra Sinnathamby – Team Leader, Hostels; and
Richard Rosewarne - External Aged Care Consultant.

Council's Manager, Procurement and Contracts, Darryn Paspas was the panel's Probity
Planner and Advisor. In addition, an external Probity Auditor, Craig Geddes from Shine
Wing Australia, oversaw all of the evaluation process.

3.3 Overview of the Evaluation Panel's Assessment

Six submissions to the RFP process were received.

All respondents are well experienced, Commonwealth Government approved to
operate, and have capacity to achieve Council's objectives. However, the initial
assessment scorings against the selection criteria by the Evaluation Panel clearly
showed a separation of scoring between the three lowest ranked respondents and the
three highest ranked respondents.

Consequently, the three highest ranked respondents were invited to provide a
presentation and were interviewed by the Evaluation Panel. Based on the clarification
of their submissions, and further questions relating to the selection criteria,
confirmation scoring was conducted and the agreed reasons for any changes to the
initial scoring were recorded. The Evaluation Panel then undertook site visits of the
two highest ranked respondents as these were assessed as the organisations that
would best achieve Council's objectives. Following site visits the Evaluation Panel
validated the relative scoring assessments.

The scoring by the Evaluation Panel are included in the Panel's Evaluation Report and
Southern Cross Care (Vic) is ranked highest of the respondents.

3.4 Documents that Guided the Assessment Process

The Evaluation Panel adhered to several documents throughout its assessment which included:

- A Probity Plan;
- An Evaluation Plan; and
- Evaluation Assessment forms that were used to record individual and overall Evaluation Panel assessments and commentaries.

The detailed scoring results and assessment weightings against the assessment criteria for each respondent are included in the Evaluation Panel's Report (Appendix 1).

In summary, the breakdown of the overall assessment against the RFP selection criteria was:

Quality – 40%

Council Principles – Threshold for Divestiture – 30%

Financial Offer and Financial Capability – 30%

Ability to Complete Transaction Documents – pass/fail.

Key Features of Southern Cross Care (Vic)

The Evaluation Panel's View

The Evaluation Panel was unanimous in its view that Southern Cross Care will provide the highest quality aged care home and services that meet community expectations and the Commonwealth Government Standards and that it was the highest ranking respondent to Council's RFP.

Credentials of Southern Cross Care

Southern Cross Care, a not for profit Aged Care provider, was established in 1969 and is a well-known and respected residential aged care and community care provider in Victoria. It has 1,200 staff and 400 volunteers to serve and support older persons and their families across eight residential aged care homes catering for over 500 persons in Victoria. Its services also include home support and allied health programs and it currently provides community based services to 150 Kingston residents.

Southern Cross Care has consistently achieved the maximum Commonwealth Government Accreditation for its eight homes. All homes are fully compliant against the 44 Standards relating to Accreditation and compliance has also been achieved against various aspects of the Standards tested through unannounced visits by the Commonwealth Government authority.

Proposed Collins Street Building

Southern Cross Care proposes to build a three storey Residential Aged Care Home, catering for 126 residents on Collins Street (subject to Planning and Building approvals) and has highlighted a future interest in a further development in Kingston inclusive of the balance of the Corben House bed licences (totalling 46).

The proposed facility concept imparts a friendly and inviting environment that maximises independence of residents in activities of daily living.

Residents would have their own rooms with ensuites and be able to share small home like settings such as lounge and dining areas. Southern Cross Care utilises a cluster of rooms approach to help create a domestic, non-institutional setting. These clusters are contained houses within the larger facility and each comprise of around 15 residents who are encouraged to share the daily living experience in a family like social setting. Each house has a domestic style kitchen that is available for residents and family use. This cluster style design supports residents' independence and facilitates the provision of assistance when required in a manner that enables their independence and dignity within a homely environment. The proposed design compensates for the reduced senses, cognitive ability and motor skills of residents.

A range of other amenities were seen in Southern Cross Care homes and are proposed for the Collins Street development. These include: a gym; café; hairdresser; garden areas; spacious bedrooms with ensuites; large multipurpose rooms; smaller quiet sitting areas; and a cinema with library. Modern technology is also a feature throughout Southern Cross' more recently built homes. These amenities are established to enable a very comfortable home like and familiar living environment.

The Collins Street home proposal has accounted for residents symptomatic of dementia, for example: through landscaping; planned 'wandering'; way finding; small house clusters; and in-building 'neighbourhood' design.

Overall, the proposed design for the Collins Street home will be an extension of the design of Southern Cross Care's more recently built homes. The building proposal will support the continuation of roles and lifestyles of residents, provide for their safety and security, and support their independence.

The architectural concept drawings for Southern Cross' Collins Street proposal are attached as Appendix 3.

Approach to Care

Southern Cross Care has a focus on wellness and the whole person, not just their diagnosis or disability.

Valuing and supporting every person in a dignified and respectful manner is a core value of Southern Cross Care and is seen as a fundamental element of its care model. For example, the lifestyle program focusses significantly on activities of interest for each individual and on quality of time for each resident. This person centred care is underpinned by a comprehensive assessment of each resident's needs and assisting residents to set their own goals to promote healthy, active ageing.

Southern Cross Care acknowledges that residents' wishes, wants and needs are critical for the provision of care, thus it has less reliance on inflexible fixed programs which are usual in many other aged care homes. Southern Cross Care's approach supports the continuation of the roles and lifestyles of those who enter one of its homes.

The Southern Cross care model is underpinned by positive and respectful communication between residents and staff. Staff use language that promotes respect, dignity and wellbeing and they involve the resident in decisions about their care. Overall, staff are focussed on the identity and interests of each individual, which is an exemplary approach to exceptional care.

Lifestyle Activities

The lifestyle activities of Southern Cross Care feature interactive intergenerational activities involving local primary school children and electronic tablets, computers and Wi-Fi are available for resident use.

Residents are assisted to achieve maximum independence, maintain friendships and participate in the life of the community within and outside the residential care home.

Financially Disadvantaged Residents

The average of Supported Residents ratios across Southern Cross Homes is 45% of all places. Supported Residents are those on low incomes as assessed by the Commonwealth Government.

Meals

Southern Cross Care has won national and state catering awards and is flexible in its approach to meet the dietary needs and preferences of residents. The engagement of a full time dietician and the extensive consultation with residents has positively contributed to resident's satisfaction with food services.

Clinical Care

The employment of a full time behaviour management consultant by Southern Cross Care has enhanced its ability to effectively support those with cognitive impairment to optimise their involvement with others and fulfil their interests.

Re-enablement is a major focus of Southern Cross Care and through a multi-disciplinary team of clinicians, people unable to walk, walk again through daily strength conditioning programs.

Continuous Improvement

Southern Cross Care has highly developed internal audit systems, reporting processes, and engagement of all stakeholders that contributes to its continuous improvement program. Feedback from residents and their representatives and complaints handling is embedded in its care model and organisational philosophy.

Staffing

Staff in Southern Cross homes demonstrate the philosophy espoused in its care model. Excellent staff survey results have been achieved and staff amenities are of a high standard. Southern Cross Care has indicated its willingness to employ existing staff from Council and the Mordialloc Community Nursing Home.

3.5 Consultation/Internal Review

The residents, their representatives, and staff were consulted prior to the procurement process in relation to Council's plan for the homes. There was significant support shown at these consultations for the development of a new home in Collins Street.

Subject to Council's determination of recommendations in this report, it is proposed that residents, their representatives (mainly families), directly affected staff and Mordialloc Community Nursing Home be advised of Council's decision before broader stakeholder communication.

Current residents in Council's homes are guaranteed priority of access to the new Collins Street home without any change to their current Resident Agreements relating to their financial arrangements and care. This has been a key feature of the communication with existing residents.

3.6 Operation and Strategic Issues

3.6.1 MCNH

Subject to Commonwealth Government approval, the MCNH is responsible to determine the future of its 30 bed licences, independent of Council.

The MCNH Committee of Management resolved on the 13 October 2015 to accept the Evaluation Panel's recommendation and sell its 30 bed licences to Southern Cross Care (Vic).

3.6.2 Transition Plan

Subject to the Commonwealth Government's bed licence transfer a Transition Plan will be finalised to guide all matters leading to an effective transfer of the homes to Southern Cross Care that minimizes any intrusion and/ or concern for residents and their representatives.

3.6.3 Communications Plan

A Communications Plan has been developed to effectively inform all stakeholders of the proposed transition.

3.6.4 Staffing

Council officers will work with the proposed provider and MCNH in relation to all staff transfer issues.

3.7 Options

3.7.1 Council approves the Evaluation Panel's recommendation of Southern Cross Care.

3.7.2 Council rejects the Evaluation Panel's recommendation of Southern Cross Care.

3.7.3 Council determines a revised or new course of action in relation to its residential aged care portfolio.

4. Conclusion

4.1 Overall Benefit

The selection of Southern Cross Care will enable Council to achieve its objectives and address the outstanding challenges relating to its residential aged care homes and will bring exceptional services and a new residential aged care home to Kingston residents requiring residential aged care. The selection will also provide a positive outcome for MCNH.

4.2 Environmental Implications

Southern Cross Care's submission provides plans for a modern building that has embraced environmental considerations, such as: optimizing the opportunity for natural light; timber from sustainable forests; natural wool insulation; efficient water fixtures; waste recycling; rainwater harvesting; solar boosted hot water system; double glazed windows; use of natural ventilation, economy of artificial lighting; and many other energy efficient measures.

4.3 Social Implications

A new 'ageing in place' residential aged care home located in Mentone will strengthen the residential aged care infrastructure in Kingston, and provide for the involvement of volunteers, interaction with community groups and access to transport and shops to an increased level. Southern Cross Care's care model will provide for excellent social outcomes for residents within the Collins Street home.

Southern Cross Care will meet or exceed the Commonwealth Government's target of Supported (financially disadvantaged) residents and will accommodate the diversity of residents reflected in Kingston's demographics.

4.4 Resource Implications

Southern Cross Care's financial offer provides an excellent outcome for Council with it providing the best financial offer from all respondents.

The allocation of the price between land and Council's bed licences is based on the land sale at market value. It is proposed that Council will transact contemporaneously with Mordialloc Community Nursing Home Inc. for the independent sale of its 30 bed licences.

The final price offering between Council and the MCNH with estimated three year rental of Council's four facilities is listed below:

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

A report will be presented to Council with respect to Council's four residential aged care buildings before they become vacant to enable Council to determine their respective futures.

4.5 Legal / Risk Implications

All transactions are subject to advice from Council's legal advisors and compliance with relevant Acts, approvals and permits.

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Legal risks will be apparent if the commercial elements contained within the Evaluation Panel's Report or this Report are made public or if Council attempts to vary the intent and parameters of the Request for Proposals within the current decision making process.

Appendices

Confidential Appendix 1 - Evaluation Panel Report for CIS 12 Oct 2015 (Trim No 15/120802)

Confidential Appendix 2 - Extracts from Council Meeting Minutes of 15 December 2014, 22 September 2014 and 25 March 2013 (Trim No 15/120523)

Appendix 3 - Architectural Concept Drawings (Trim No 15/128809)

Author/s: Rob Crispin, Manager Community & Aged Services

Reviewed and Approved By: Mauro Bolin, General Manager Community Sustainability

3.1

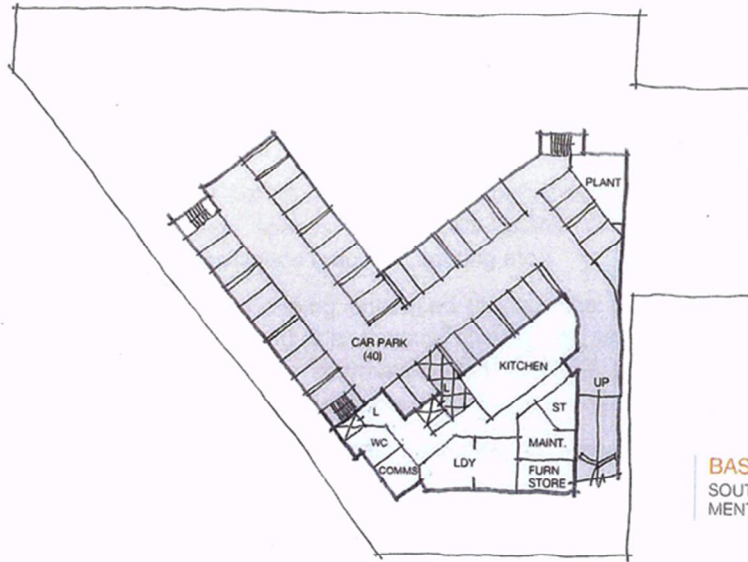
SALE OF RESIDENTIAL AGED CARE BED LICENCES AND 101-103 COLLINS STREET TO A PREFERRED RESPONDENT (CON-14/160)

1	Confidential Evaluation Panel Report for CIS 12 Oct 2015	15
2	Confidential Extracts from Council Meeting Minutes of 15 December 2014, 22 September 2014 and 25 March 2013	47
3	Architectural Concept Drawings	57

Indicative Concept Plans - Subject to Change

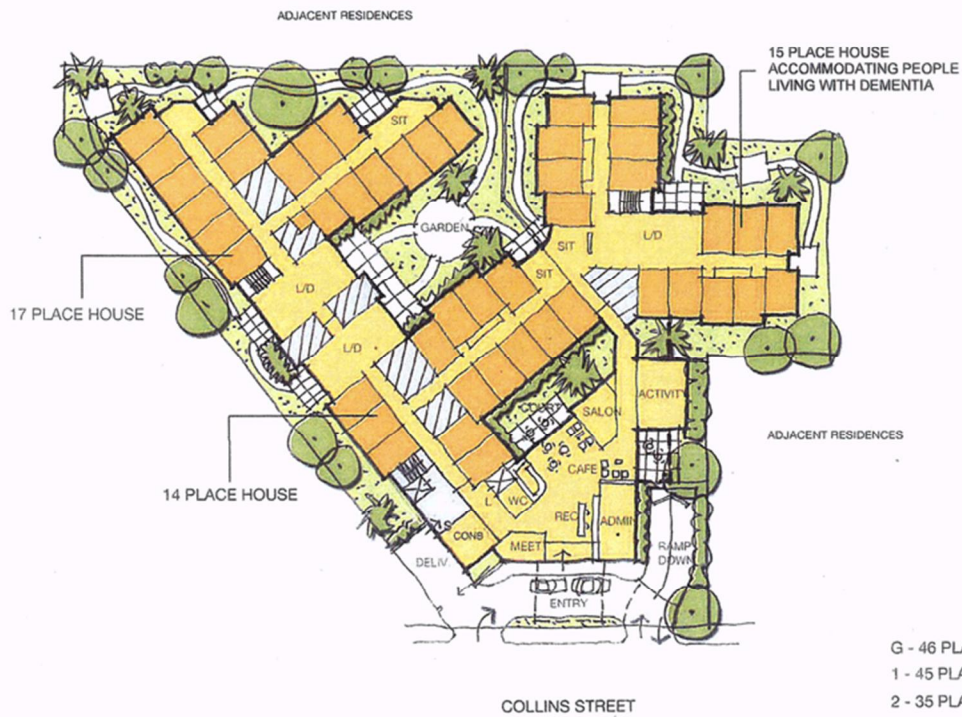
APPENDIX 3

CONFIDENTIAL
Architectural Concept Drawings



BASEMENT FLOOR PLAN
SOUTHERN CROSS CARE
MENTONE

Architectural concept drawings



G - 46 PLACES
1 - 45 PLACES
2 - 35 PLACES
TOTAL - 126 PLACES

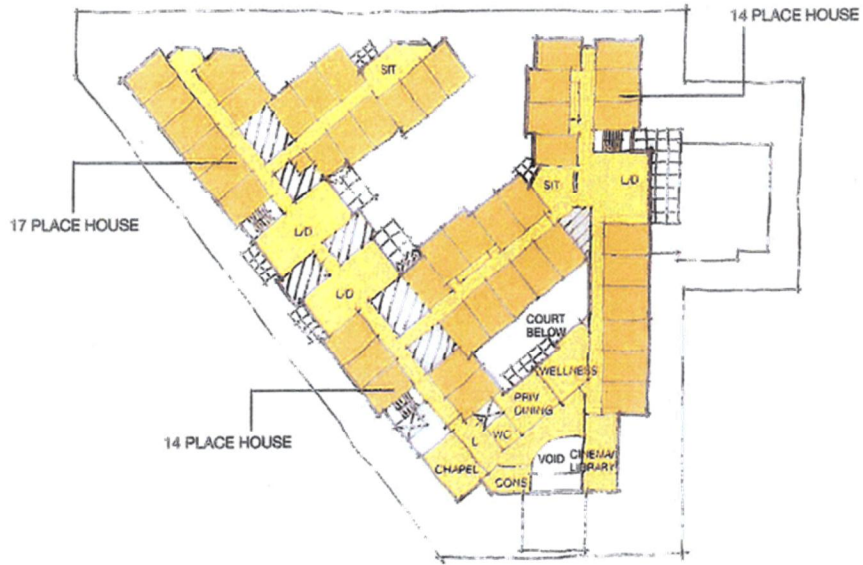
GROUND FLOOR PLAN
SOUTHERN CROSS CARE
MENTONE

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DATE: 15-04-2019
DWG NO: ASK0001/A

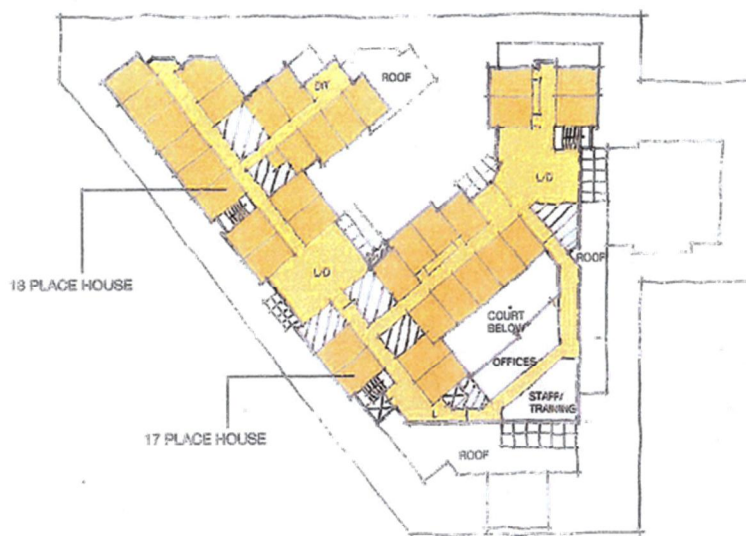
Indicative Concept Plans - Subject to Change



CONFIDENTIAL



FIRST FLOOR PLAN
SOUTHERN CROSS CARE
MENTONE



SECOND FLOOR PLAN
SOUTHERN CROSS CARE

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The Resolution now reads:

That Council:

1. Accepts Southern Cross Care's (Vic) offer to purchase Council's 142 bed licences and 101-103 Collins Street, Mentone at a combined price of [REDACTED]
2. Requires Southern Cross Care (Vic) to enter into a Section 173 agreement including that 101-103 Collins Street, Mentone is to be developed for a residential aged care home only, and stipulating maximum height and setbacks.
3. Resolves to lease Council's four residential aged care homes to Southern Cross Care (Vic) commencing at a year one value of [REDACTED].
4. Requires that the Corben House bed licences and the operational elements of the home be maintained for a minimum of five years with residents from Corben House being given priority access to vacancies at the new Collins Street home.
5. Maintains all detail contained within the Evaluation Panel's Report (Appendix 1) as 'Confidential' to protect the commercial interest of respondents to the Request for Proposal process.
6. Maintains the financial arrangements of Council's dealings with the successful respondent Confidential until such time as ownership of the divested assets passes.
7. Progresses stakeholder communication in accordance with a deferred communication framework and ensuring that the residents and their nominated representatives be informed of Council's decision before other parties.
8. Receives a further Report with respect to Council's four residential aged care buildings and land before the facilities become vacant to enable Council to determine their respective futures.
9. Acknowledges the recent Commonwealth Government Accreditation of its three residential aged care facilities and recognises all residential aged care staff and volunteers for their commitment.
10. That Council receives a report in relation to setting aside the surplus funds received after expenses associated with the purchase of and relocation of the Council depot to the Mills Road site for the acquisition of parkland in the local area bounded by Nepean Highway, Balcombe Road, Charman Road and the Cheltenham Activity Centre.
11. Determine that this report is to remain confidential until officers first advise the residential aged care residents, their carers/families/representatives and affected employees of this decision.
12. Extends delegated authority to the Chief Executive Officer to undertake all actions necessary to give effect to the above resolutions including the undertaking of all legal requirements and execution of relevant documents, stakeholder communication, support of Mordialloc Community Nursing Home, and staff matters.

Confirmed.....

The Mayor 26 October 2015