

RECOMMENDATIONS - JAPARA REPORT

Report Author: Executive Officer Partnerships & Community Building
Responsible Officer: Director Communities
Ward(s) affected: Walling;

The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.

CONFIDENTIALITY

In line with Local Government Act, Section 9(2)(i) to ensure transparency of Council decisions, actions and information, this item is to be considered at a Council meeting that is open to the public.

SUMMARY

In December 2022 CMF Consulting was engaged to undertake a review of the funding and lease agreements between Council and Japara Inc (Japara). The scope of the review included the facilities and funding that make up the Kilsyth Community Hub managed by Japara Inc.

The review, including the final report was overseen by a Project Reference Group (PRG) comprising Council officers and Japara board representatives. The review recommendations propose changes to the lease agreements, increased facility operational funding and improved relationship management and governance. The review also includes proposed changes in ownership of assets and some changed responsibilities for maintenance of the Kilsyth Community Hub (the Hub).

The recommendations have financial implications for Council that relate to changed maintenance responsibilities and hub management arrangements for this and potentially future Council community hubs.

This report outlines a summary of the review findings and provides relevant recommendations.

RECOMMENDATIONS

That Council

1. ***Receive and note the summary of recommendations arising from the review of funding and facility agreements for the Kilsyth Community Hub and***
2. ***Endorse the development and alignment of a new lease and facility agreements between Council and Japara that incorporates:***
 - (a) ***An increase to the operational funding to Japara to manage the Hub on Council's behalf to \$85,000 per annum with annual increments based on the rate cap increase.***
 - (b) ***Improvements to performance KPIs and monitoring to enable improved management of the Hub relationship and outcomes.***
 - (c) ***Alignment of the Kilsyth Hub and the Bridge House leases in terms of timing and duration and alignment with the Neighbourhood House funding term.***
 - (d) ***Changes to reflect the actual maintenance costs and responsibilities of both parties.***

RELATED COUNCIL DECISIONS

At the 22 September 2022 meeting, Council endorsed the following:

1. Providing Japara Neighbourhood House Inc with a one-off stay of the funding reduction of \$4,579, proposed as part of the 2022 - 2026 Neighbourhood House Partnership Grant equalisation of funding process for all Neighbourhood Houses. Maintaining the Japara Neighbourhood House funding for Neighbourhood House activities at \$41,255 for the 2022-23 financial year.
2. Providing Japara Neighbourhood House Inc with a one-off stay of funding reduction of \$2,500 outlined in their Hub Management Partnership Funding Agreement (1 July 2018 - 30 June 2023), maintaining funding for 2022-23 financial year at \$70,000.
3. Undertaking a review of Yarra Ranges Council's financial, operational, and relational agreements and interactions with Japara Neighbourhood House to provide recommendations that support the ongoing viability of Japara Neighbourhood House and the services it provides to the community.

DISCUSSION

This report and the Hub Review findings have implications for ensuring appropriate funding to enable the Hub to thrive and support community development and other services to the community.

Purpose and Background

The facilities managed by Japara form a community Hub servicing Kilsyth, Montrose, and the broader Yarra Ranges community. Whilst neighbourhood house services are provided within this Hub, the management of the facilities, services and user groups within the Hub are more substantive than typical neighbourhood houses.

Following meetings and feedback from Japara in September 2021 and June 2022 regarding significant challenges being experienced by Japara due to COVID impacts, Council resolved to undertake a review of agreements between the parties and funding provided by Council.

A Project Reference Group (PRG) was set up which comprised three Japara Board members and officers from Creative & Connected Communities, Facilities and Social Infrastructure Planning.

The Hub comprises the following services:

- Japara Neighbourhood House (including Senior Citizens)
- Japara Early Learning Services (Occasional Care)
- U3A Yarra Ranges
- Maternal and Child Health
- Learn Local (Adult Community and Further Education and training courses).

The consultant reviewed financial and other data, conducted interviews with partners, and engaged with Board members on the PRG and Council representatives to develop the recommendations in the report.

Review recommendations and officer responses

The review notes a shared intention of Council and Japara for local community to be the key beneficiaries of the investment made by Council in these facilities where programs and services are delivered that engage, build social cohesion and benefit the community as well as provide high quality facilities for a range of community uses.

The recommendations are contained in the summary table (Attachment One).

High level responses to the recommendations and key impacts are outlined below and in the financial analysis section of this report.

Maternal and Child Health (MCH)

Some operational improvements and changes are recommended in the report which Council and Japara will work through together. These relate to cost sharing arrangements for utilities, real time invoicing, inclusion of the service use in the facility agreement and venue bookings outside core MCH service delivery. The

Review also proposes additional signage to the MCH and Occasional Childcare buildings. Further, it is recommended that arrangements be reviewed annually.

Procurement

Council's Procurement Policy is made under section 108 of the Local Government Act (2020) and provides guidance relating to sourcing strategies that ensure all purchases promote open and fair competition and value for money. Section 9.2 of the policy allows exemption from a competitive procurement process if there is a proven monopoly or specialised market, or where the work is highly specialised.

Furthermore, an exemption may be granted (in accordance with financial delegations) when it can be demonstrated that Council is still obtaining Value for Money in the process adopted. Japara Neighbourhood House Inc have a proven, long standing, and deep connection with the local Kilsyth communities which provides them with a specialist market knowledge, monopoly, and highly specialised service offering.

As such, an exemption from a competitive EOI process to operationalise the Neighbourhood House service is warranted in this instance. Overall, directly engaging Japara Neighbourhood House Inc will provide value for money, increase community connections and is in line with Council's procurement policy.

FINANCIAL ANALYSIS

This section of the report considers the budgetary considerations and impacts of the Review recommendations.

Operational Impacts

Increasing the operational contribution for the Hub from the current amount of \$70,000 to \$85,000 per annum results in an increase in operational expenditure of \$15,000 (plus rate cap increases annually) commencing from 1 July 2023. This increase can be accommodated within the adopted 2023-24 budget. The current operational funding agreement ends on 30 Dec 2023.

Neighbourhood House funding for Japara will remain in place at \$36,676 per annum in line with the Council decision in 2022 to equalise funding at this level for all Houses. The Neighbourhood House funding is currently in place until June 2027.

Capital/Asset Management Impacts

Between 2018 and 2022 Council delivered \$77,716 of reactive maintenance and \$4,000 in routine or planned maintenance. This includes items which were within the maintenance schedule of the lease agreement. As a comparison, for the same period Belgrave Hub reactive maintenance was \$69,944 and Chirnside Park Hub was \$63,659.

With consideration of Occupational Health and Safety and financial factors, where in some cases specialised equipment is needed to complete maintenance items, a range of works had to be completed by Council on an ad hoc basis even though responsibility for this work is part of the lease agreement. Lease agreements that better reflect which party is responsible for which items of maintenance is recommended.

The proposed changes to responsibilities for maintenance items may result in a budget impact to Council. Council's asset maintenance works will be budgeted for and administered in line with updated lease agreements which will reflect actual maintenance required to keep the Hub at an appropriate standard for community use. Future planned asset upgrades and renewal will be considered through the asset management program.

Asset Gifting Rescinded

The recommendations propose Council rescind the terms of the asset gifting made in 2014 which handed all assets to Japara Inc. It is common practice for assets to be gifted to an organisation taking on the operation of a Council facility, however Japara provided feedback that ownership of the assets has a negative impact on their financial position. The assets being returned were valued at \$368,000 at the time of original handover.

This change raises the matter of renewal of the assets over time and requires considered asset planning for the facility by Council.

Lease

There are no financial impacts from aligning Lease Agreements for The Hub and the Bridge (across the road from the Kilsyth Community Hub and also managed by Japara).

The current Hub lease expires in December 2023 while the Bridge lease is in overhold. Officers recommend keeping separate leases but aligning the leases and the operational funding agreement in timing and duration.

APPLICABLE PLANS AND POLICIES

This report contributes to the following strategic objective(s) in the Council Plan:

Connected and Healthy Communities - communities are safe, resilient, healthy, inclusive, and socially well connected. Quality services are accessible to everyone.

Quality Infrastructure and Liveable Places - quality facilities and infrastructure meet current and future needs. Places are well planned and are hubs of activity that foster wellbeing, creativity, and innovation.

Other relevant Council strategies and policies related to this report are:

- Health and Wellbeing Strategy - The Hub supports social connection and good mental wellbeing.
- Creative Communities Strategy - supports cultural and creative engagement.
- Equity, Access, and Inclusion Strategy - accessible and inclusive of people with disability.
- Child and Youth Strategy - home to services supporting families.
- Healthy and Active Ageing Plan - U3A, Seniors and other programs supporting older adults.

The YRIgnite Strategy alignment is direct:

- Community is at the heart of all we do. Our goal is for our diverse communities to be at the heart of every decision and service we deliver, to ensure we are meeting the needs and hopes of our communities.

RELEVANT LAW

Japara has a range of regulations and legislation it complies with: Child Safe Standards, Charter of Human Rights and Responsibilities, OHS and regulations for the provision of early childhood programs. The scope of the review does not include these regulations, rather the focus is on improvements to the agreements between Council and Japara and changes to funding.

SUSTAINABILITY IMPLICATIONS

Economic Implications

The Kilsyth Community Hub will have a small positive impact on the local economy. It engages tutors and staff including from the local area. The provision of Occasional Child Care at the Hub may support parents and encourage women to return to the workforce. Quality childcare services support literacy and numeracy development and can have a long-term impact on employability. Similarly Learn Local programs support employment pathways.

Social Implications

A central role for Neighbourhood Houses is providing opportunities for social connection. The community development activities funded through Council's Neighbourhood House Partnership Funding has the shared objectives of:

- Inclusion, Participation, Connection and Capacity Building

The Hub and its many services and activities offer social support across ages and life stages, social connection to strengthen mental wellbeing, skills development, and the opportunity for people from all backgrounds and abilities to participate in their

community. Neighbourhood Houses traditionally help build a sense of belonging and resilience through their activities.

Environmental Implications

The review raised the high cost of utilities and the need to look for additional renewable power sources, including heating and hot water. Council will undertake further assessment to understand the renewable energy expansion opportunities.

COMMUNITY ENGAGEMENT

The scope of the review did not include the broader Japara community.

COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT

The project required collaboration with other areas of the Council: Property and Facility Management, Maternal and Child Health, Family, Children and Youth and Urban Parks. Officers have briefed the other major funding partner for Japara, the Department of Families, Fairness and Housing.

RISK ASSESSMENT

Risk	Mitigation
Relationship Management	Conduct regular partnership meetings to review performance, address issues and concerns and seek to maximise opportunities to support the community through the operations at the Hub.
Governance	Develop KPI's which are relevant and ensure accountability for meeting the measures with processes in place to address KPI's that have not been met. Schedule regular Partnership Governance meetings to review KPIs.
Changes to maintenance schedules in the Lease Agreements	Maintain internal communication and collaboration between teams with responsibilities related to the Hub. Undertake analysis of the likely cost of reactive and routine maintenance of the Hub and plan accordingly. Develop a longer-term renewal plan in consultation with Hub partners. Costs related to asset management of Council's Hubs to be considered. Facilities Maintenance team to consider cost implications of the proposed changes for other Council

Risk	Mitigation
	facilities.
Return of Assets to Council ownership	<p data-bbox="624 288 1402 394">Not taking back ownership of the assets has a risk of assets deteriorating over time due to renewal not taking place.</p> <p data-bbox="624 432 1402 501">Management of assets to be included in the asset renewal planning process.</p> <p data-bbox="624 539 1402 678">Whilst this has no immediate financial implication to Council, it does raise the matter of renewal of the assets over time and requires asset planning for the facility.</p> <p data-bbox="624 716 1402 745">Consideration of the implications for other facilities.</p>
Reputational damage to Council	<p data-bbox="624 770 1402 840">Implement endorsed recommendations within the agreed timeframes.</p> <p data-bbox="624 878 1402 947">Regular meetings with key Japara contacts to monitor progress.</p> <p data-bbox="624 985 1402 1055">Strict adherence to updated KPI's ensuring Japara accountability.</p>

ATTACHMENTS TO THE REPORT

1. Japara Review Recommendation Summary