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**Meeting of Panel on Welfare Services
on 12 February 2007**

Background brief prepared by the Legislative Council Secretariat

Re-engineering of community support services for the elderly

Purpose

This paper sets out the background to the re-engineering of community support services for the elderly, and summarises the deliberations of the Panel on Welfare Services on the subject.

Review of the provision of community care and support for the elderly

2. In 2000, the then Health and Welfare Bureau commissioned the University of Hong Kong to conduct a review of the provision of community care and support for the elderly living in the community, with a view to improving service integration, cost-efficiency and accessibility to elders. As observed by the consultant, over 400 separate service units, including multi-service centres, social centres, day care centres and home help teams under the administration of more than 100 non-governmental organisations (NGOs) were in operation throughout the territory. To address problems such as service fragmentation, inadequate co-ordination, diseconomy of scale and confusion and complex service boundaries, the consultant had recommended integration of the various elderly service components to form a large service unit.

3. The Administration accepted the recommendations and launched a total of 15 new integrated elderly day projects in 2001 which included day care centres, district elderly community centres, neighbourhood elderly centres, and provision of sub-base for social centres or multi-service centres for the elderly. In addition, the Administration planned to integrate day care services into new residential care homes for the elderly wherever the care facilities were practicable and with proven service demand in the districts.

Re-engineering plan of community support services for the elderly

Scope of the re-engineering plan

4. At the meeting on 8 July 2002, the Panel on Welfare Services was briefed on the Administration's plan to rationalise and re-engineer the wider spectrum of community support services for the elderly including all social centres, multi-service centres, home help, home care and meal services. The scope of re-engineering covered centre-based and home-based services which included upgrading social centres for the elderly to Neighbourhood Elderly Centres (NECs), multi-service centres for the elderly to District Elderly Community Centres (DECCs), and home help, home care and meal teams to Integrated Home Care Service Teams (IHCSTs).

5. According to the Administration, the re-engineering plan was driven by the following factors –

- (a) the findings and recommendations of the consultancy study commissioned by the University of Hong Kong in 2000;
- (b) the successful experience in launching new elderly integrated projects since 2001 based on the recommendations of the consultancy study;
- (c) revised funding allocations by the Community Chest from 2003-2004 onwards in view of declining donations which would affect a large number of elderly centres that received top-up funding through the Community Chest allocations;
- (d) the direction of moving towards service integration and the progress made in other welfare services such as Integrated Children and Youth Service Centres and Integrated Family Service Centres; and
- (e) a new policy initiative to upgrade the home help teams to serve elders living at home with different needs in the light of the community's greater acceptance of home and community care for frail elders.

Guiding principles in re-engineering community support services

6. The principles and parameters guiding the re-engineering community support services were –

- (a) service needs of the users, particularly on a district basis;

- (b) bottom-up rather than a top-down approach respecting the choice and wishes of individual NGOs;
- (c) efficient and effective use of resources;
- (d) rationalisation of service boundaries;
- (e) swapping of service units between NGOs to achieve better synergy where justified;
- (f) alliance among small NGOs to form consortium where needed; and
- (g) avoiding or minimising staff redundancies.

7. The Panel was advised that the re-engineering exercise was not about savings or cut-back in welfare expenditure on elders. Additional resources would be injected into the programme which would help mitigate the effect of reduced allocations by the Community Chest, and a "standard cost" approach would be adopted. By way of illustration, the reference standard cost for a DECC and a NEC were \$3.5 million and \$1.18 million respectively, which were \$0.59 million and \$0.46 million higher than that for a multi-service centre and social centre for the elderly under subvention respectively.

8. To achieve the objectives of service rationalisation and more cost-effective use of resources, NGOs participating in the re-engineering exercise were required to identify prescribed subvention resources for pooling, for example, through closure of some less well utilised or duplicated service units, and the Social Welfare Department (SWD) would inject new money to meet the funding shortfall for upgrading selected multi-service centres and social centres to DECCs and NECs. After upgrading, all DECCs and NECs would be fully subvented by the Government. In the case of home-based services, no pooling of resources was required. Instead, home help team operators who chose to upgrade into IHCSTs would be allocated additional cases to be served by the upgraded teams on the basis of monthly unit costs of \$3,382 for frail cases and \$500 for ordinary cases. These unit costs had taken into account the basic subvention of \$2.2 million for a home help team and room for economy of scale.

Timetable for the re-engineering plan

9. The Administration advised that after holding briefings for the concerned NGOs and issuing guiding principles and parameters for the re-engineering exercise in July/August 2002, NGOs would be required to submit detailed proposals by October/November 2002. The Administration aimed to announce the results in December 2002 or January 2003 so that the expanded and new services would commence in February 2003.

Outcome of the re-engineering exercise

10. At the meeting on 21 January 2003, the Panel was updated on the progress of the re-engineering exercise.

Re-engineering of centre-based service

11. Members noted that a total of 39 NGOs covering 35 multi-service centres for the elderly and 154 social centres for the elderly submitted re-engineering proposals upon closing date on 15 November 2002. All the multi-service centres for the elderly operating before re-engineering would be upgraded to DECCs. For the 213 social centres for the elderly, 110 would be upgraded to NECs. 40 of them would be transformed to self-financing units to be operated by the same NGO prior to the re-engineering for providing a variety of innovative elderly-related services. Two centres would be closed with transitional arrangement made to transfer their members to nearby centres for continuous service. Two centres would be combined to form a DECC. The remaining 59 social centres for the elderly, by and large run by smaller NGOs that had lesser scope for pooling of resources, would continue to operate as social centres for the elderly.

12. The Panel was also informed that additional subvention would be disbursed to the NGOs concerned from April 2003, and they would be allowed to gradually transform within 2003-2004.

Re-engineering of home-based service

13. Members noted that 24 NGOs covering 138 home help teams submitted proposals on re-vamping their home-based service. All the home help teams, except one, providing service prior to re-engineering would be upgraded as IHCSTs. These upgraded teams were capable of serving 21 170 users, taking over additional 3 130 users from home care and meal service contractors, and admitting no less than 1 120 frail elders and additional number of elders depending on service demand.

14. To ensure a smooth transition to the upgraded IHCSTs, the upgraded teams providing services in the affected districts would be introduced no later than 1 April 2003. The other upgraded IHCSTs would admit new cases in phases with a view to reaching their planned capacity in six months.

Major views expressed by members

15. Noting that the Community Chest would withdraw funding for elderly centres from 2003-2004 onwards, Hon LI Fung-ying expressed concern about the financial implications on the affected centres and the impact on the staff and users of these centres.

16. The Administration advised that the re-engineering plan would involve certain injection of new resources. Notwithstanding that, the Administration had discussed the funding arrangement with the Community Chest who agreed to review the financial situation of these Community Chest members running small service units. The Administration informed the Panel in February 2003 that the Community Chest had confirmed its agreement to continue to provide funding support to all social centres which were dependent on the Community Chest for top-up funding.

17. Hon WONG Sing-chi and Hon CHAN Yuen-han expressed concern about the transitional arrangement for assisting elders to adjust to DECCs which would replace the social centres for the elderly, and asked if the users had been consulted.

18. The Administration responded that the NGOs and District Social Welfare Officers concerned had consulted the service users after the transformation plans had been firmed up. The users would be informed of the facilities and services of DECCs and advice would be given to them on how to use the facilities.

19. Hon YEUNG Sum considered that as the integrated elderly projects aimed to encourage NGOs to rationalise their services, the private sector should not be invited to submit proposals for such projects. The Administration assured members that only NGOs would be involved.

20. Hon WONG Sing-chi pointed out that as some social centres would remain as social centres for the elderly, they faced keen competition for Government funding. Hence, SWD should take measures to ensure that the partnership between NGOs would not be adversely affected. Dr Hon LAW Chi-kwong expressed concern whether SWD would subsidise the rent and rates of the 40 social centres for the elderly which would be transformed into self-financing units.

21. The Administration responded that cost was not the sole factor for allocating new service units or project funding, and emphasis was placed on how innovative a proposal was vis-à-vis other competing proposals. The bidding procedures were made as open and transparent as possible. To enhance co-operation among agencies, five or more co-ordinating committees on different types of welfare services, including one on elderly, had been set up in each of the 13 SWD districts.

22. As for subsidy for rent and rates for self-financed social centres for the elderly, the Administration pointed out that SWD would invite bona fide NGOs operating on a self-financing basis to apply for reimbursement of rent/rates/Government rent under a subsidy scheme yearly. SWD would aim to meet in full the requirements of the eligible applicants as from 2002.

Recent development

23. The Administration will brief the Panel on the findings of the evaluation of the re-engineering of community support services for the elderly at its meeting on 12 February 2007.

Relevant papers

24. Members are invited to access the LegCo website at <http://www.legco.gov.hk> to view the Administration's papers for the meetings of the Panel on Welfare Services on 8 July 2002 and 21 January 2003 and the relevant minutes of meetings.

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