

## **LEGCO PANEL ON WELFARE SERVICES**

### **Provision of Meal Service Funded by the Government**

#### **Purpose**

In response to Members' concern about the impact of inflation on the provision of meal service funded by the Government, this paper sets out the various kinds of related services and the funding mechanisms for these services.

#### **Provision of meal service to people in need**

2. The Government now provides meal delivery service for elders in need through the Integrated Home Care Service Teams (IHCSTs) and the Enhanced Home and Community Care Service Teams (EHCCSTs) administered by NGOs. The IHCSTs also provide meal delivery service to persons with disabilities (PWDs). In addition, meal service is provided to elders, PWDs and children in various kinds of care centres in the community. These centres are operated with funding support from the Government.

#### **Funding for meal service**

3. Subvented services including IHCSTs, elderly centres, Day Care Centres for the Elderly, subvented residential care homes for the elderly, residential care for PWDs, special child care centres and residential care service for children are funded by way of the Lump Sum Grant (LSG) mode of subventions. LSG includes two elements: Personal Emoluments (PE) and Other Charges (OC). The OC portion covers expenditures on food, transport, utilities, programme expenses, administrative expenses and maintenance. Under the LSG subvention system, the OC portion will be adjusted annually in line with the Government-wide Price Adjustment Factor, and the increase in food cost will be reflected in the annual adjustment. NGOs can flexibly deploy their subventions

between the PE and OC portions for meeting changing service demands for services and activities related to their Funding and Service Agreements (FSAs), which include meal service. For NGOs with LSG Reserves, they are also permitted to use the LSG Reserves for services and activities related to their FSAs, which include meal service. In addition, NGOs may claim reimbursement of rent and rates in respect of the premises recognised by the Social Welfare Department (SWD) for the delivery of subvented activities on an actual cost basis.

4. For services covered by contracts (i.e. EHCCS and contract homes for the elderly), SWD pays the operators for the service provision in the form of service fees which covers all expenditures including staffing, food, utilities, maintenance, insurance, etc. The service fees will be adjusted annually with reference to the Composite Consumer Price Index. In other words, annual adjustment of the service fees will take into account the change in food cost.

### **Monitoring systems**

5. For all services funded by SWD, either through LSG subventions or contract service fees, there are monitoring systems in place. For services funded by LSG subventions, NGOs have to submit a Self-Assessment Report on Essential Services Requirements (ESRs), Service Quality Standards (SQSs), Output Standards and Outcome Standards according to the Service Performance Monitoring System. SWD will also monitor the NGOs' performance through mechanisms including review visits, on-site assessments and complaint investigations. If a service unit fails to meet the ESRs, SQSs and performance standards, the NGO concerned is required to submit an improvement action plan(s) to ensure that the service unit will meet all the requirements. Within the timeline agreed with SWD, the NGO has to implement the action plan(s) and report in writing on the actions taken and the outcome achieved. Moreover, SWD will conduct investigations on complaints once received. If a complaint is substantiated, the NGO is required to make improvements on the identified problem areas.

6. For services funded by contract service fees, the operators are required to meet requirements including the performance indicators stipulated in the service contracts which will be monitored by SWD. SWD will conduct

regular service reviews, unannounced spot checks, benchmark on performance indicators and investigate complaints received to ensure that the operators fully comply with the requirements set out in the service contracts. If an operator fails in any respect to comply with any of the terms or provisions of its contract, the operator will have to provide explanations and prepare an action plan to remedy such failure.

7. SWD has recently issued a letter to the operators concerned reminding them to maintain the service quality of meal service in face of rising food cost. SWD has also explained to them that the current adjustment mechanisms of funding, including both LSG subventions and contract service fees as elaborated above, have taken into account the effect of the rise in food cost. They are advised to deploy flexibly their LSG subventions or use the LSG Reserves (for subvented services), or deploy flexibly the contract service fees (for contract services), for meeting changing service demands. Individual operators who encounter problems can discuss with SWD.

### **Way forward**

8. With the welfare of people in need as its primary concern, SWD will continue to work with the operators concerned to keep up the quality of meal service.

9. Members are requested to note the content of this paper.

Social Welfare Department  
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