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Panel on Welfare Services

**Background brief prepared by Legislative Council Secretariat
for the meeting on 13 June 2011**

**Financial assistance for residential care homes
for persons with disabilities**

Purpose

This paper provides background information on the proposal to introduce a Financial Assistance Scheme for private residential care homes for persons with disabilities ("RCHDs") after the implementation of the licensing scheme for RCHDs.

Background

2. According to the Administration, as at end-2009, there were altogether 304 RCHDs providing 14 331 places in Hong Kong. There are three types of RCHDs, namely subvented homes, self-financing homes operated by non-governmental organisations and homes operated by the private sector.

3. At present, there is no statutory framework to monitor the operation of RCHDs. The regulation of these RCHDs is mainly administrative and voluntary in nature. A Code of Practice ("CoP"), issued by the Social Welfare Department ("SWD") in 2002, serves as a guide on the service standards for all RCHDs, including subvented, self-financing and private homes. These service standards are not mandatory as the CoP does not have legal backing.

4. Apart from the issuance of a non-statutory CoP, SWD has since 2006 implemented a Voluntary Registration Scheme ("VRS") for private RCHDs

to encourage operators of private RCHDs to enhance service quality. As at April 2010, of the 54 private RCHDs known to SWDs, only six had joined VRS. In view of the lukewarm response from the private RCHDs, the Administration considers it unlikely that private RCHDs will improve their service quality on their own volition. Legislation is the only option to ensure that all RCHDs meet the basic service standards.

5. The Residential Care Homes (Persons with Disabilities) Bill ("the Bill"), which aims to provide for the control of RCHDs through a licensing scheme, was introduced into the Legislative Council on 30 June 2010.

Past discussions by members

6. The Panel on Welfare Services ("the Panel") has not discussed the proposed Financial Assistance Scheme per se, but has been informed of the Administration's intention to introduce the scheme as one of the complementary measures in tandem with the proposed licensing scheme for RCHDs. The relevant discussions are summarized below.

Complementary measures in tandem with the proposed licensing scheme for RCHDs

7. At its meetings on 12 January and 25 February 2009, and 12 April 2010, the Panel was briefed on the progress of the preparation of the Bill. While welcoming the proposal to introduce a licensing scheme to improve the service quality of RCHDs, members expressed grave concern that some private RCHDs would close down after the implementation of the licensing scheme because of inability to meet the higher standards and requirements. Alternatively, some private operators would need to increase the home fees to meet the costs for improvement works. In the light of the possible impact of the licensing scheme on the private RCHD operators and the residents living therein, members urged the Administration to provide resources and introduce complementary measures to facilitate private RCHDs to meet with the standards when the licensing scheme was introduced. Some members made the following suggestions –

- (a) providing one-off subsidy or low interest loans for private RCHDs to carry out improvement works;
- (b) making reference to the Enhanced Bought Place Scheme for residential care homes for the elderly and purchasing places from private RCHDs; and

- (c) making corresponding upward adjustment to the monthly Comprehensive Social Security Assistance ("CSSA") payments to those residents of private RCHDs who were on CSSA to meet the increased home fees.

8. The Administration advised that it was fully aware of the concerns about the impact of the licensing scheme on the operation of private RCHDs and the residents. It would formulate suitable complementary measures in tandem with the legislative proposal to encourage private RCHDs to upgrade their service standards to meet the licensing requirement. To this end, a pilot Bought Place Scheme would be introduced prior to the implementation of the statutory licensing system to encourage the private RCHD operators to enhance their service quality, and a Financial Assistance Scheme would be implemented upon enactment of the Bill to provide subsidies to private RCHDs to carry out improvement works for compliance with the licensing requirements in building and fire safety. Besides, there would be a grace period for RCHDs to apply for a licence or a certificate of exemption upon commencement of the proposed legislation.

9. Some deputations attending the Panel meeting on 24 April 2010 expressed that the additional costs for meeting the proposed licensing requirements on building and fire safety would be in the region of \$500,000 for a RCHD with 40 places. They urged the Administration to provide subsidy up to 50% to 80% of the additional costs. Members shared the concern of deputations and urged the Administration to let the private RCHD operators know as early as practicable whether subsidy would be provided to enable them to make an informed decision on whether to continue operation after the implementation of the licensing scheme.

10. The Administration advised that after the enactment of the Bill, it would discuss with the sector the level of subsidy taking into account the costs of the improvement works. The Administration stressed that it would continue to bid for additional resources to increase the supply of subsidised residential care places and identify suitable sites for RCHDs.

Latest developments

11. As a complementary measure prior to the implementation of a statutory licensing system, the Administration advised the Panel at its meetings on 8 February and 13 March 2010 that it planned to introduce a four-year pilot Bought Place Scheme for private RCHDs in 2010-2011.

According to the Administration, the four-year pilot scheme was launched in October 2010 and targeted to purchase 300 places by two phases.

12. As the Bills Committee formed to study the Bill has completed its scrutiny work, the Administration proposes to resume the Second Reading debate on the Bill at the Council meeting of 15 June 2011. In view of the imminent coming into operation of the statutory licensing scheme, the Administration will brief the Panel on the details of the Financial Assistance Scheme at its meeting on 13 June 2011.

Relevant papers

13. A list of the relevant papers on the LegCo website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
7 June 2011

Appendix

Relevant papers on financial assistance for residential care homes for persons with disabilities

Committee	Date of meeting	Paper
Panel on Welfare Services	12 January 2009 (Item V)	Agenda Minutes
Panel on Welfare Services	25 February 2009 (Item I)	Agenda Minutes
Panel on Welfare Services	8 February 2010 (Item IV)	Agenda Minutes
Panel on Welfare Services	13 March 2010 (Item I)	Agenda Minutes
Panel on Welfare Services	12 April 2010 (Item IV)	Agenda Minutes
Panel on Welfare Services	24 April 2010 (Item I)	Agenda Minutes
Legislative Council	30 June 2010	Official Record of Proceedings Pages 150 - 154

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