

## **ITEM FOR FINANCE COMMITTEE**

### **LOTTERIES FUND HEAD 341 – NON-RECURRENT GRANTS**

Members are invited to approve an allocation of \$72,720,000 from the Lotteries Fund for meeting the construction costs of a new contract Residential Care Home for the Elderly with a Day Care Unit and a new Day Care Centre for the Elderly in Long Ping, Yuen Long.

### **PROBLEM**

There is a need to provide more subsidised residential and day care places for the elderly to meet the substantial and growing demand.

### **PROPOSAL**

2. The Director of Social Welfare, with the support of the Secretary for Labour and Welfare and the Lotteries Fund Advisory Committee (LFAC), proposes to allocate \$72,720,000 from the Lotteries Fund (LF) to meet the construction costs of the new contract Residential Care Home for the Elderly (RCHE) with a Day Care Unit (DCU) and a new Day Care Centre for the Elderly (DE)<sup>1</sup> in Long Ping, Yuen Long.

**/JUSTIFICATION .....**

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<sup>1</sup> The difference between a DCU and a DE is that a DCU is attached to an RCHE while a DE is usually provided in a stand-alone facility (however, in the proposed RCHE with DCU and DE, the said elderly care service units are all provided in a single-blocked building). The services provided by a DCU and a DE are largely the same.

**JUSTIFICATION**

3. While most of the elderly prefer ageing in the community, some frail ones will need institutional care. It is the Government's policy to promote "ageing in place as the core, institutional care as back-up". In line with this policy, the Social Welfare Department (SWD) strives to increase the supply of both subsidised community care and residential care places.

Encl. 1

4. The provision of subsidised residential care places and the number of elderly citizens on the waiting list as at the end of November 2012 are set out at Enclosure 1. In the face of increasing demand for residential care places for the elderly amid the ageing population, SWD has persistently been making efforts to increase the supply through various measures. Development of new contract RCHEs – which offer subsidised places as well as non-subsidised places of good quality and affordable prices – is a key on-going initiative. The provision of non-subsidised places enhances market diversity and broadens the choice of elders and their families.

5. Since 2001, SWD has awarded contracts through open tenders to non-governmental organisations or private operators to operate 20 purpose-built RCHEs. These contract RCHEs are providing a total of 1 552 subsidised places (about 79% are nursing home (NH) places and 21% are care-and-attention (C&A) places with a continuum of care (CoC)) and 1 105 non-subsidised places.

6. At the same time, SWD has also been utilising the space in contract RCHEs to set up DCUs to provide day care services for frail elders. Of the 20 contract RCHEs, eight have an attached DCU, providing a total of 184 day care places.

7. From 2013-14 to 2014-15, four new contract RCHEs/RCHEs with DCUs will commence service to provide an additional 236 subsidised residential care places. Three of the new contract RCHEs have an attached DCU, providing a total of 85 subsidised day care places. In addition, SWD has also earmarked sites in 11 development projects for the construction of new contract RCHEs with or without DCUs. One of these sites is in Long Ping.

*/Proposed .....*

*Proposed new RCHE with DCU and new DE in Long Ping*

Encl. 2

8. SWD proposes to construct a 125-place contract RCHE with a 20-place DCU and a 60-place DE at Yuen Long Town Lot No. 513 of the property development at West Rail Long Ping Station (North). The site area of the entire property development project is about 11 200 square metres (m<sup>2</sup>). Its location plan is at Enclosure 2. The construction of the proposed facilities on this site will be required under the land grant of the site. The developer of the residential property of the site will be required to construct the bare shell of the RCHE with DCU and the DE, which will be a four-storey purpose-built single block with parking spaces<sup>2</sup> according to our specifications. It will be beneficial for the developer of the residential property of the site to construct the RCHE and related facilities as it will enable the needed facilities to properly integrate with the private development, with better planning and an optimal use of the limited land.

Encl. 3

9. The proposed RCHE with DCU will occupy a net operational floor area (NOFA) of not less than 1 376 m<sup>2</sup> and the proposed DE will occupy an NOFA of not less than 358 m<sup>2</sup>. Upon fitting out by the future operators, the RCHE with DCU and the DE will provide the facilities detailed at Enclosure 3.

10. The land grant will be executed in around January 2013, after which the developer of the residential property of the site will proceed with the construction work. The development is planned for completion by 2019. Upon completion of the works, SWD will take over the premises of the RCHE with DCU and the DE, and select the operator for the operation, management and maintenance of the contract RCHE with DCU and the DE respectively through invitation of tender/proposal. The proposed RCHE with DCU and the proposed DE are estimated to come into operation in 2021-22 and 2020-21 respectively to provide –

- (a) 75 subsidised residential care places (including 68 NH places and seven C&A places with CoC), 50 non-subsidised residential care places and 20 subsidised day care places in the RCHE with DCU; and
- (b) 60 subsidised places in the DE.

**/FINANCIAL .....**

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<sup>2</sup> Parking spaces are standard provision for RCHE with DCU and for DE to facilitate the transport and escort of frail elders. Parking spaces of the proposed RCHE with DCU and the proposed DE will be located on the basement floor.

**FINANCIAL IMPLICATIONS***Capital cost estimates*

11. The funding sought under this submission - \$72,720,000, relates to the estimated construction cost of the proposed RCHE with DCU and the DE. It is worked out on the basis of the construction floor area and technical requirements of the proposed welfare facilities as assessed by the Architectural Services Department. Breakdown of the cost estimate is as follows -

	<b>\$'000</b>
(a) Construction works	
(i) RCHE with DCU	34,737
(ii) DE	9,055
(iii) Carparks	520
(iv) Loading/unloading bay	182
(b) Professional/supervision fees	5,560
(c) Provision for price adjustment	22,670
	<b>Total cost (a+b+c): 72,724</b>
	<b>Say 72,720</b>

Upon completion of the construction works to the Government's satisfaction, the developer will be reimbursed the actual cost of construction or the above amount, whichever is the less.

12. The funding for fitting out and procurement of furniture and equipment for the RCHE with DCU and the DE will be separately sought under LF in accordance with the established mechanism when construction is near completion.

*Recurrent financial implications*

13. The estimated recurrent funding for operating the proposed RCHE with DCU (subsidised portion) and the proposed DE in a full-year, including reimbursement of rates and government rent, is as follows –

*/75- place .....*

**75- place RCHE (the subsidised portion)**

	<b>\$'000</b>
(a) Personal emoluments (PE)	10,440
(b) Other charges (OC) [including food, insurance (employees' compensation, public liability), site specific costs, etc.]	2,768
(c) Rates and government rent	183
(d) Higher care supplement	145
(e) Maintenance and management (M&M) fee	557
(f) <i>Less</i> Income from service users' fee	-1,746
<b>Sub-total (A)</b>	<b>12,347</b>

**20-place DCU**

	<b>\$'000</b>
(a) PE	1,273
(b) OC [including food, insurance (employees' compensation, public liability)]	376
(c) Rates and government rent	18
(d) Dementia supplement	113
(e) M&M fee	47
(f) <i>Less</i> Income from service users' fee	-310
<b>Sub-total (B)</b>	<b>1,517</b>

**60-place DE**

	<b>\$'000</b>
(a) PE	4,705
(b) OC [including food, insurance (employees' compensation, public liability)]	993
(c) Rates and government rent	94
(d) Dementia supplement	339
(e) M&M fee	238
(f) <i>Less</i> Income from service users' fee	-816
<b>Sub-total (C)</b>	<b>5,553</b>

**Annual government funding required (A+B+C) 19,417**

Encl. 4

14. The above recurrent funding estimate is mainly derived from a notional staffing of 112 professional, care and ancillary staff for the proposed RCHE (covering both the subsidised and non-subsidised portion)<sup>3</sup> with DCU and the proposed DE. A breakdown of the notional staff establishment is at Enclosure 4. In working out the notional staffing requirements, reference has been made to the standard notional staffing of subvented NH, C&A home and DE/DCU with adjustment on the basis of the capacity of the proposed RCHE with DCU and the proposed DE. The necessary recurrent provision will be included in the draft Estimates of the relevant years.

## **PUBLIC CONSULTATION**

15. The Town Planning and Development Committee of the Yuen Long District Council was consulted in July 2011 on the proposed RCHE with DCU and the proposed DE, and indicated support to the proposal. We consulted the Legislative Council Panel on Welfare Services on 12 November 2012, which supported the proposal. In response to the issues raised by Panel Members, we have subsequently provided supplementary information vide LC Paper No. CB(2)432/12-13(01).

## **BACKGROUND**

16. The costs of construction, fitting-out works and procurement of furniture and equipment (for the subsidised section only) will be funded by LF. Under Section 6(4) of the Government Lotteries Ordinance (Cap. 334), the Financial Secretary has the authority to approve payments from LF to finance the development of social welfare services. In line with the established practice, the Finance Committee's approval is sought for this proposal, as it is estimated to incur recurrent government expenditure over \$10 million per annum (details in paragraph 13 above). We will separately seek the necessary funding approval in accordance with the established mechanism for fitting-out works and procurement of furniture and equipment when the construction works are near completion.

/17. ....

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<sup>3</sup> The staff establishment of the proposed RCHE will serve both the subsidised and non-subsidised sections but government recurrent funding will be provided, on a pro-rata basis, for the subsidised section only.

17. The LFAC endorsed the proposed LF allocation of \$72,720,000 for the construction of the RCHE with DCU and the DE in Long Ping at its meeting on 26 September 2012.

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Labour and Welfare Bureau  
January 2013

**Provision of Subsidised Residential Care Places  
(as at the end of November 2012)**

<b>Type of residential care places</b>	<b>Number of subsidised places</b>	<b>Number of elders on the waiting list</b>
<b>Nursing Home Places (including Nursing Home Place Purchase Scheme)</b>	<b>2 957</b>	<b>6 440</b>
<b>Care-and-attention Places (overall)</b>	<b>21 755</b>	<b>22 326</b>
➤ Subvented/Contract /Conversion Home Places	14 418	
➤ Enhanced Bought Place Scheme Places	7 337	
<b>Self-care Hostel and Home-for-the-aged Places</b>	<b>1 578</b>	<b>N.A</b>
<b>Total</b>	<b>26 290</b>	<b>28 766 (Note)</b>

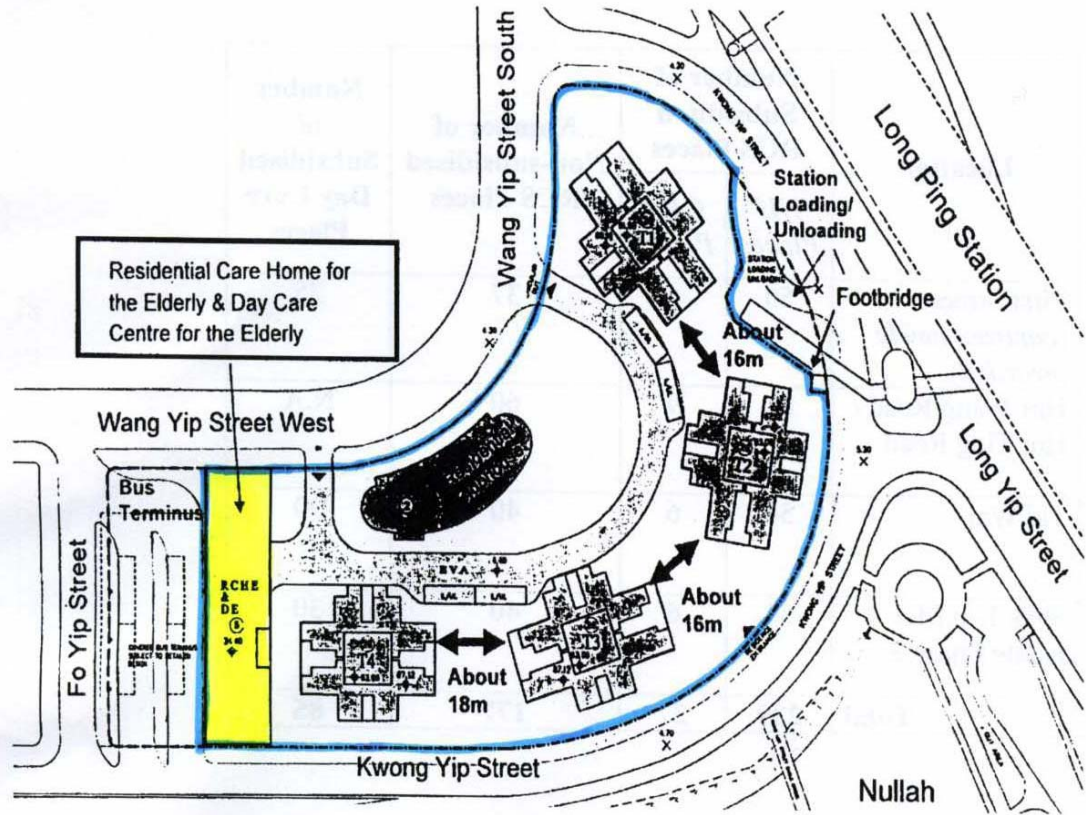
Note: Including about 3 300 elders who were using subsidised community care services while waiting for residential care services.

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Location Plan

Residential Care Home for the Elderly with a Day Care Unit and  
a Day Care Centre for the Elderly  
at Yuen Long Town Lot No. 513  
(Property Development at the West Rail Long Ping Station (North))



Proposed Residential Care Home for the Elderly with a Day Care Unit and a Day Care Centre for the Elderly



Boundary of the Property Development



**Enclosure 3 to FCR(2012-13)66**

**Facilities of the Residential Care Home for the Elderly (RCHE) with a Day  
Care Unit (DCU) and a Day Care Centre for the Elderly (DE)  
in Long Ping, Yuen Long**

***Facilities of the 125-place RCHE with the 20-place DCU***

Dormitories  
Toilet and shower facilities for dormitories  
Multi-purpose rooms/Dining/Common/Activity rooms  
Rehabilitation area/Physiotherapist/Exercise room  
Kitchen and kitchen store  
Laundry  
Nurse duty rooms  
Sick/Isolation rooms  
Accessible toilet cum shower room attached to each sick/isolation rooms  
Small group activity rooms  
Interview rooms  
Conference rooms  
General office  
Superintendent and assistant superintendent rooms  
Staff changing room  
Soiled utility rooms  
Clean utility rooms  
Assisted bath room  
Shower trolley room  
Store rooms  
Pantries  
Male, female and disabled toilets for communal use  
Reception

***Facilities of the 60-place DE***

Common room  
Dining/Activity room/Meal provision area  
Physiotherapist/Training room  
Multi-sensory area  
Medical consultation/Nurse duty room/Sick room  
Interview room  
Laundry/Workroom  
Bath/Toilet  
General store  
Staff changing room  
Office  
Reception

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**Breakdown of the Notional Staff Establishment for the Residential Care Home for the Elderly (RCHE) with a Day Care Unit (DCU) and a Day Care Centre for the Elderly (DE) in Long Ping, Yuen Long**

**The 125-place RCHE** <sup>note 1</sup>

Item	Staff Establishment
Professional Staff (e.g. director of administration, social worker, nurse, physiotherapist/occupational therapist, dispenser, dietician, visiting medical officer)	20.88
Care staff (e.g. personal care worker, welfare worker, physiotherapist artisan)	50.88
Supporting Staff (e.g. workman, clerk, cook, driver)	11.34
<b><i>Sub-total (A)</i></b>	<b><i>83.10</i></b>

**The 20-place DCU** <sup>note 1</sup>

Item	Staff Establishment
Professional Staff (e.g. nurse)	1.00
Care staff (e.g. personal care worker, welfare worker, physiotherapist artisan)	4.17
Supporting Staff (e.g. workman, driver)	1.69
<b><i>Sub-total (B)</i></b>	<b><i>6.86</i></b>

**The 60-place DE** <sup>note 2</sup>

<b>Item</b>	<b>Staff Establishment</b>
Professional Staff (e.g. nurse, physiotherapist II)	3.69
Care staff (personal care worker)	11.27
Supporting Staff (e.g. clerical assistant, workman, driver)	7.38
<i>Sub-total (C)</i>	<b>22.34</b>
<b>Total Notional Staff Establishment (A+B+C)</b>	<b>112.30</b>
<b>Say</b>	<b>112</b>

Note 1: The operator of the RCHE with DCU can freely deploy the contract sum to engage suitable staff as necessary, but the operator should comply with the minimum staffing requirements as committed in the contract including, but not limited to, director of administration, nurses, social worker and care workers.

Note 2: Under the Lump Sum Grant Subvention System, the selected operator has the flexibility to deploy the allocated provision to engage suitable staff to meet service requirements.

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