

## **ITEM FOR FINANCE COMMITTEE**

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

Members are invited to approve an allocation of \$55,122,000 from the Lotteries Fund for meeting the construction costs of a new Contract Residential Care Home for the Elderly at the ancillary facilities block in the public rental housing development of the Housing Authority at the site of Choi Yuen Road, Sheung Shui.

### **PROBLEM**

There is a need to provide more subsidised residential care places for the elderly to meet the substantial 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 \$55,122,000 from the Lotteries Fund (LF) to meet the construction costs of a new Contract Residential Care Home for the Elderly (RCHE) at the ancillary facilities block in the public rental housing (PRH) development of the Housing Authority (HA) at the site of Choi Yuen Road, Sheung Shui (the subject site).

**/JUSTIFICATION .....**

**JUSTIFICATION**

Encl. 1 3. The Social Welfare Department (SWD) proposes to construct a 100-place Contract RCHE at the subject site. The subject site has been identified for PRH development to provide about 1 100 domestic flats for accommodating a planned population of 3 400. Its location plan is at Enclosure 1. The proposed Contract RCHE will have a net operational floor area of about 1 158 square metres. One exclusive-use parking space<sup>1</sup> will be provided for the proposed welfare facilities. The Housing Department (HD), as the executive arm of HA and the works agent of the subject PRH development, will be entrusted with the design and construction of a set of bare-shell premises for the proposed Contract RCHE at the ancillary facilities block in the subject PRH development according to the specifications of SWD. Such entrustment arrangement would enable the proposed welfare facilities to be provided as an integral part of the PRH development in a timely manner. It would also facilitate better planning and optimal use of the subject site.

Encl. 2 4. Upon completion of the construction works, SWD will take over the facilities and select a suitable operator through invitation of tenders for the operation, management and maintenance of the proposed Contract RCHE. Taking into account the construction lead time required for the entire development, it is estimated that the contract of the proposed Contract RCHE will be awarded in 2021. The facilities to be provided in the proposed Contract RCHE upon fitting out are detailed at Enclosure 2.

**FINANCIAL IMPLICATIONS*****Capital cost estimates***

5. The estimated construction cost of the proposed Contract RCHE is \$55,122,000. The breakdown of the cost estimate is as follows –

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<sup>1</sup> One exclusive parking space for the 100-place Contract RCHE will be constructed for the proposed welfare facility. Parking space is standard provision for RCHE to facilitate the transport and escort of frail elderly persons.

	<b>Item</b>	<b>\$'000</b>
(a)	Foundation and substructure, piling	19,334
(b)	Building envelope and finishes, e.g. main structure, external finishes, internal finishes, fitting	21,083
(c)	Building services, e.g. electrical installation, fire services, lift installation	3,873
(d)	External works and underground drainage	2,374
(e)	Contingencies	2,333
	Sub-total	48,997
(f)	HA on-cost	6,125
	<b>Total</b>	<b>55,122<sup>2</sup></b>

HA will be reimbursed the actual cost of construction by phases according to the works schedule.

6. The funding for fitting-out works of the proposed Contract RCHE (including the non-subsidised section), as well as procurement of furniture and equipment for the subsidised section of the proposed Contract RCHE, will be sought under LF in accordance with the established mechanism when the construction is near completion.

### ***Recurrent financial implications***

7. The estimated recurrent funding requirements for the operation of the proposed Contract RCHE (subsidised section) in a full year, including personal emoluments, other charges, rates and government rent and after netting off income from service users' fees, is \$14,148,000. The recurrent funding estimate is derived with reference to the standard notional staffing of the relevant welfare facilities at present. The necessary recurrent provision will be included in the draft Estimates of the relevant years.

## **PUBLIC CONSULTATION**

8. HD consulted the North District Council (NDC) on the subject PRH development in July 2010 and April 2011, and further updated NDC's Working Group on Housing and Town Planning (Working Group) at its meeting in January 2014. NDC and its Working Group did not make any adverse comments on the proposed welfare facility. The Legislative Council Panel on Welfare Services was consulted on 11 May 2015, and the Panel supported in principle the submission of the funding proposal to the Finance Committee (FC) for consideration.

**/BACKGROUND .....**

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<sup>2</sup> Provision for price adjustment included.

**BACKGROUND**

9. It is the Government's policy to promote "ageing in place as the core, institutional care as back-up". SWD strives to increase the supply of both subsidised residential care and community care services.

Encl. 3 10. The provision of subsidised residential care places and the number of elderly persons on the waiting list, as at end-April 2015, are set out at Enclosure 3. SWD has been making strenuous effort to increase the provision through various measures. Development of new Contract RCHEs is a major initiative in this regard.

11. Since 2001, SWD has awarded contracts through open tenders to non-governmental organisations or private operators to operate 26 purpose-built RCHEs. As at end-April 2015, 24 among these 26 Contract RCHEs were in operation, providing a total of 1 811 subsidised places (about 90% are nursing home (NH) places and 10% are care-and-attention (C&A) places upon admission) and 1 262 non-subsidised places. The remaining two Contract RCHEs are currently under renovation.

Encl. 4  
Encl. 5 12. On top of the existing places set out in paragraph 11 above, six Contract RCHEs will commence service from 2015-16 to 2017-18 to provide a total of 472 new subsidised residential care places (of which 90% are NH places and 10% are C&A places upon admission) and 241 non-subsidised places. Details are at Enclosure 4. In addition, SWD has earmarked sites in 11 development projects, as set out at Enclosure 5, for the construction of new Contract RCHEs (including the current proposal).

13. 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. As an administrative practice, the Financial Secretary has advised that LF proposals involving recurrent cost of over \$10 million per annum would be referred to FC.

14. For the financial year of 2014-15, 729 allocations (including major grants, minor grants and block grants) involving a total cost of \$1,079 million were approved under LF. Four of these involving a total cost of \$242 million had been presented to FC in line with the administrative practice.

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15. During 2014-15, expenditure incurred against the approved allocations amounted to \$876 million and total receipts were \$1,322 million. As at 31 March 2015, the balance of LF was \$22 billion. The balance of LF is estimated to rise to \$23 billion as at 31 March 2016.

16. LFAC endorsed the proposed LF allocation of \$55,122,000 for the construction of the proposed Contract RCHE at the subject site through circulation of LFAC paper in April 2015. The membership and terms of reference of LFAC is at Enclosure 6.

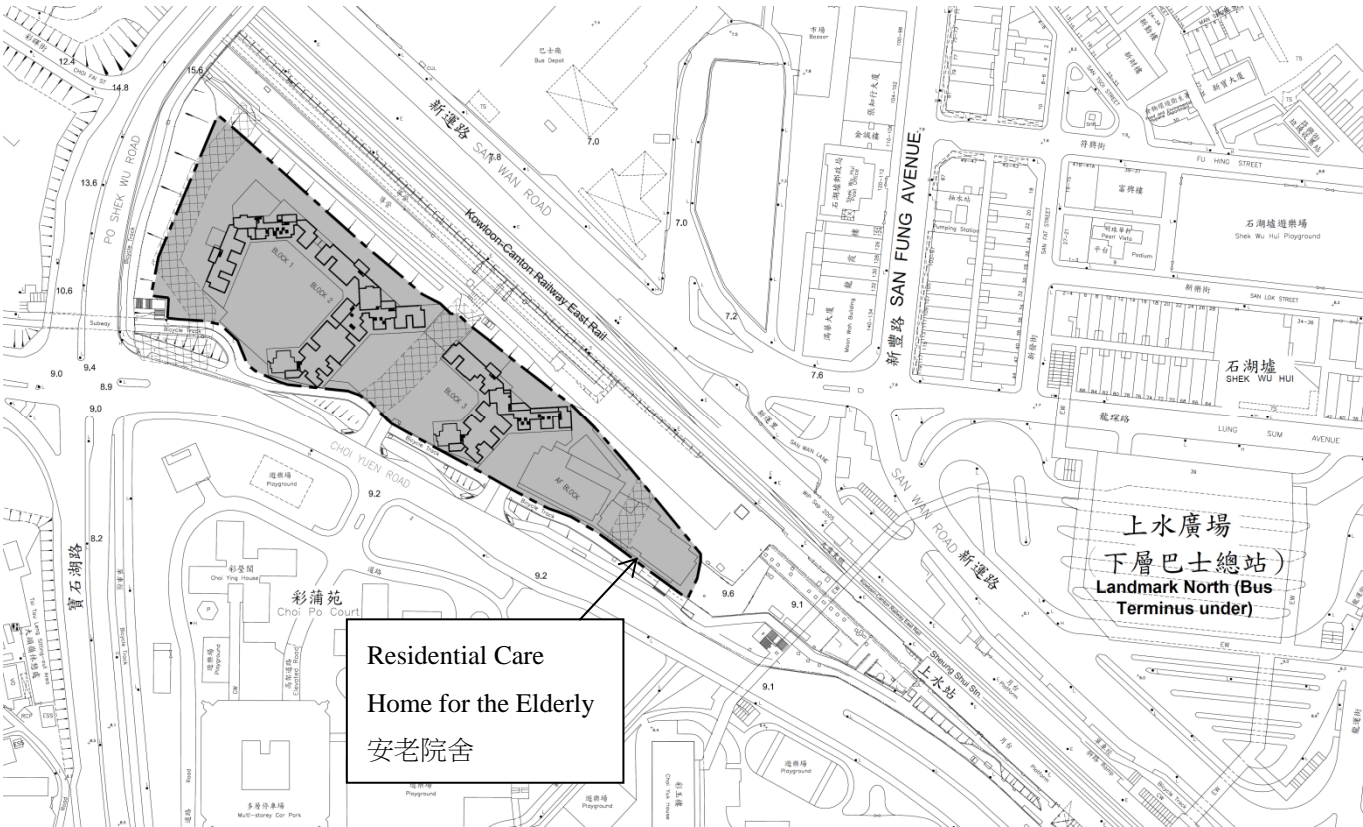
Encl. 6

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Labour and Welfare Bureau  
June 2015

Location Plan

Residential Care Home for the Elderly  
at the Ancillary Facilities Block of Choi Yuen Road  
Public Rental Housing Development, Sheung Shui



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**Facilities of  
the Proposed Contract Residential Care Home for the Elderly (RCHE)  
at the Ancillary Facilities Block of Choi Yuen Road  
Public Rental Housing Development, Sheung Shui**

*Facilities of the 100-place RCHE*

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

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**Provision of Subsidised Residential Care Places  
(as at end-April 2015)**

<b>Type of Residential Care Places</b>	<b>Number of Subsidised Places</b>	<b>Number of Elderly Persons on the Waiting List</b>
Nursing Home Places (including Nursing Home Place Purchase Scheme)	3 394	6 007
Care-and-attention Places (overall)	22 507	25 130
➤ Subvented/Contract /Conversion Home Places	14 669	
➤ Enhanced Bought Place Scheme Places	7 838	
Self-care Hostel and Home-for-the-aged Places	966	N.A.
<b>Total</b>	<b>26 867</b>	<b>31 137<sup>Note</sup></b>

Note: Including about 3 050 elderly persons who were using subsidised community care services while waiting for subsidised residential care services, but excluding 8 098 elderly persons with inactive status on the waiting list.

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**Additional Residential Care Places Provided in Contract Residential Care Homes  
for the Elderly (RCHEs)  
(from 2015-16 to 2017-18)**

From 2015-16 to 2017-18, a total of 713 residential care places provided by six Contract RCHEs are expected to commence service. Details are as follows –

	District	Location	Number of Subsidised Residential Care Places		Number of Non-subsidised Residential Care Places
			Nursing Home Places	Care-and-attention Places	
1.	Sham Shui Po	Ex-Cheung Sha Wan Police Married Quarters <i>(Contract awarded in July 2014)</i>	81	9	60
2.	Yau Tsim Mong	Hoi Fai Road <i>(Contract awarded in November 2014)</i>	81	9	60
3.	Wan Chai	Cross Street	50 <sup>Note</sup>	6	37
4.	Sham Shui Po	Pratas Street	72 <sup>Note</sup>	8	20
5.	Tsuen Wan	West Rail Tsuen Wan West Station	86 <sup>Note</sup>	10	24
6.	Sha Tin	Shui Chuen O	54 <sup>Note</sup>	6	40
<b>Total</b>			<b>424</b>	<b>48</b>	<b>241</b>
			<b>713</b>		

Note: Including one designated residential respite care place.

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**Enclosure 5 to FCR(2015-16)19**

**11 Sites Earmarked for the Construction of  
New Residential Care Homes for the Elderly**

	<b>Location and District</b>	<b>Estimated number of residential care places (including both subsidised and non-subsidised places)<sup>Note 1</sup></b>
1	Tung Chung Area 56, Tung Chung	100
2	Un Chau Street/Hing Wah Street/ Fuk Wing Street, Sham Shui Po	100
3	West Rail Long Ping Station (North), Long Ping, Yuen Long <sup>Note 2</sup>	125
4	Ex-Kwong Choi Market, Tuen Mun <sup>Note 3</sup>	100
5	Ex-Kwai Chung Police Married Quarters, Kwai Chung <sup>Note 4</sup>	100
6	Anderson Road, Kwun Tong <sup>Note 5</sup>	100
7	Government Joint User Complex at Lei King Wan, Sai Wan Ho, Eastern	100
8	Choi Yuen Road, Sheung Shui (subject development in this paper)	100
9	Shek Mun Estate Phase II, Sha Tin <sup>Note 6</sup>	150
10	Fo Tan, Sha Tin Areas 16 & 58D <sup>Note 6</sup>	100
11	Queen's Hill, Fanling	100

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Note 1: The number of places to be provided is a preliminary estimate and is subject to change as we continue to work out the details of the projects. One designated residential respite care place will be included in the subsidised places of each project.

Note 2: Lotteries Fund allocation for meeting the construction cost of the project was approved by Finance Committee (FC) in January 2013.

Note 3: Lotteries Fund allocation for meeting the construction cost of the project was approved by FC in December 2013.

Note 4: Lotteries Fund allocation for meeting the construction cost of the project was approved by FC in July 2014.

Note 5: Lotteries Fund allocation for meeting the construction cost of the project was approved by FC in January 2015.

Note 6: Lotteries Fund allocation for meeting the construction cost of the two projects were approved by FC in April 2015.

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**Lotteries Fund Advisory Committee**

**Terms of Reference**

To advise the Director of Social Welfare on applications from welfare organisations for allocations from the Lotteries Fund and on charitable fund-raising issues including the allocation of flag days.

**Membership**

	<u>Name</u>	<u>Professional Background</u>
<b>Chairperson:</b>	Ms YIP Man-kuen, Carol	Director of Social Welfare
<b>Member:</b>	Mr CHAN Wai-ming, David	Tsuen Wan District Councillor
	Mr CHENG Wai-hung, Nelson	Director, K L Partnership Limited
	Professor LAM Ching-man	Vice Chairperson, Department of Social Work, The Chinese University of Hong Kong
	Dr LEUNG Sai-man, Sigmund	President, The Hong Kong Dental Association
	Ms LO Yee-hang, Loretta	Central and Western District Councillor
	Mr MA Kam-wah, Timothy	Committee Member, Senior Citizen Home Safety Association
	Mr MAN Hung-yee, Joseph	Deputy Director, Hong Kong Sheng Kung Hui Welfare Council
	Professor MENG Mei-ling, Helen	Chairperson, Department of Systems Engineering and Engineering Management, The Chinese University of Hong Kong

	<u>Name</u>	<u>Professional Background</u>
<b>Member(Cont'd):</b>	Mr SUEN Lai-sang	Director, Hong Kong Christian Service
	Ms WONG Wai-ching, Connie	Managing Director, Wong Sun Hing Limited
<b>Official Representative:</b>	Secretary for Labour and Welfare or representative	
<b>Secretary:</b>	Senior Executive Officer (Lotteries Fund), Social Welfare Department	

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