

**For information**

**on 10 May 1999**

**LegCo Panel on Welfare Service**

**Contracting Out the Meal Service of Community Care Services**

**Purpose**

This paper informs Members of the contracting out arrangements of meal service of community care services.

**Background**

2. The existing home help service has two major components, namely, preparation and delivery of meals and domiciliary care services for elderly, disabled and family cases. There are now 133 home help teams in operation, each serving about 100 cases, against a planned capacity of 65. This is possible because home help teams tend to give priority to requests for meal service, while deferring the provision of other less urgent domiciliary care services.

3. Different from the local practice, meal and domiciliary care services are often provided separately in overseas countries with the meal component being successfully contracted out as meals-on-wheels service.

4. Preparation and delivery of meal is a comparatively simple task which can be provided by people without special training. If the meal service is provided separately and by less expensive workers, the better paid and better trained home helpers could focus on providing higher value-added domiciliary care services to clients in need. It is our belief that the cost of meal service could be lowered if it is contracted out through competitive bidding. The resources saved will then be deployed to strengthen and upgrade the domiciliary care service so as to assist elderly to live at home for as long as possible.

5. In the Financial Secretary's Budget Speech for 1999/2000, contracting out of welfare services was proposed as an alternative mode of delivering public services for achieving the best value for money. The meal service of new home help teams was selected for contracting out as a pilot.

### **The Meal Service to be Contracted out**

6. To provide the critical mass of meal service for contracting out, the meal service provided in other community care service units, i.e. multi-service centres for the elderly (M/Es) and day care centres for the elderly (D/Es), will also be included for this pilot project. The total volume of the scheme will therefore cover the meal service of 24 new home help teams, one M/E and one D/E in 1999/2000, and one new home help team, one M/E and two D/Es in 2000/2001.

## **Consultancy Service**

7. To ensure that the pilot scheme will start on solid ground, a consultancy firm has been commissioned to provide consultancy service in the following three areas; drawing up tender specifications, mapping out an implementation plan and devising a comprehensive control mechanism for contracting out meal service. The consultant has extensive experience in contracting out welfare services, including meals-on-wheels service in Australia. A Steering Committee comprising representatives from the Department of Social Welfare, Health and Welfare Bureau, Finance Bureau, and the Business and Services Promotion Unit was formed to advise and monitor the work of the consultancy service.

8. To assess the scope of the service delivery and the competitive market, the Consultants have made extensive contacts with existing service providers in non-governmental organization (NGO) sector as well as potential service providers such as commercial operators, Hospital Authority and interested NGOs. They have also visited various home help teams, observed the meal preparation and delivery process, interviewed service users and conducted focus group discussions to learn about the actual operation of meal service in Hong Kong. Moreover, a joint briefing session was held with various advisory committees on welfare services including the Social Welfare Advisory Committee, Elderly Commission, Ad Hoc Committee on Home Care as well as the Subventions and Lotteries Fund Advisory Committee to gather their comments and views.

## **Concerns of the Sector**

9. The overall response of the welfare sector to the contracting out approach is positive. In taking the issue forward, they have stressed the importance of upholding standards of the service, the control mechanisms and interfacing between the meal service and the domiciliary care services. All these concerns have been addressed by the consultancy study. Details are elaborated in paragraphs 10 to 12 below.

### Standards of Service

10. The quality of meal preparation and delivery of the contracted meal service will be standardized through a set of well-defined service standards, based on which the service will be monitored. Bidders of meal service are required to provide a plan to ensure the quality of the service. The tender specifications will clearly specify the standards against which the contractor's performance will be assessed and the scope of the service required.

### Quality Control Mechanisms

11. Adequate and appropriate quality control mechanisms will be devised to ensure performance of the contracted service meets the required standards. Proposed methods for measuring service conformance by contractors include submission of statistical reports, random audits, client satisfaction surveys, complaints hot-line, dietitian's report, feedback from both the domiciliary care teams/MEs/DEs and the contractors. A dedicated contract management unit will be set up by the Department to manage the tendering procedures and monitor the performance of the contractors.

### Interface between the Meal and Domiciliary Care Service

12. At present, the respective home help teams are responsible for assessing the need for meal service of their own clients. Under the future contractual arrangement, such practice will be maintained in which a future meal service contractor can only take clients referred by the respective domiciliary care team in the same geographical area. Effective coordination and liaison between the two teams is instrumental to smooth operation. The Administration is exploring ways to ensure successful interfacing between the two teams, such as encouraging sub-contracting, consortium arrangement between potential meal providers and domiciliary care teams, or teaming up of potential caterers in the commercial sector and deliverers in the NGO sector.

### **Implementation Plan**

13. The consultancy study has just been completed in April and its report is being considered by the Administration. The tendering exercise will take place in June/July this year. Publicity will be launched and briefing sessions to prospective bidders will be conducted. The tenders will be assessed by an Assessment Panel. The successful contractors are expected to start providing meal service in the third quarter of 1999/2000.

### **Conclusion**

14. Contracting out of the meal service of the home help services on a cost and quality basis is considered a cost-effective way in the use of public

resources. The service quality will be maintained as successful contractors are required to comply with a set of well-defined service standards in accordance with the tender specifications, and their performance is subject to assessment by a comprehensive control mechanism.

### **Advice Sought**

15. Members' comments are invited to help ensure that the contracting out arrangement will be a success.

Health and Welfare Bureau/  
Social Welfare Department

May 1999