

Head 190 — UNIVERSITY GRANTS COMMITTEE

Controlling officer: the Secretary-General, University Grants Committee will account for expenditure under this Head.

Estimate 2011–12..... **\$11,027.7m**

Establishment ceiling 2011–12 (notional annual mid-point salary value) representing an estimated 51 non-directorate posts as at 31 March 2011 rising by two posts to 53 posts as at 31 March 2012 **\$22.8m**

In addition, there will be an estimated three directorate posts as at 31 March 2011 and as at 31 March 2012.

Controlling Officer's Report

Programme

University Grants Committee

This programme contributes to Policy Area 16: Education (Secretary for Education).

Detail

	2009–10 (Actual)	2010–11 (Original)	2010–11 (Revised)	2011–12 (Estimate)
Financial provision (\$m)	11,539.4	10,982.2	12,094.8 (+10.1%)	11,027.7 (–8.8%)
				(or +0.4% on 2010–11 Original)

Aim

2 The aim is to service the University Grants Committee (UGC) which advises the Government on the development and funding of higher education in Hong Kong, to administer government grants to the UGC-funded higher education institutions, and to support the UGC's objectives of advancing the quality of teaching and learning, research and knowledge transfer at the UGC-funded institutions, and monitoring the efficiency and cost-effectiveness of the institutions' UGC-funded activities.

Brief Description

3 The UGC Secretariat is specifically tasked with:

- providing support to the UGC and its sub-committees, the Research Grants Council (RGC) and its sub-committees and panels, and the Quality Assurance Council (QAC) and its audit panels;
- facilitating communication and understanding among the Government, the UGC, the higher education institutions, and relevant stakeholders; and
- disbursing approved grants to the UGC-funded institutions and monitoring their financial activities.

4 Various reviews and quality assurance exercises have taken place as planned. Research activities are on-going and developing. UGC-funded institutions are carrying out language enhancement activities, which are supported by their block grants and Language Enhancement Grants; and knowledge transfer activities, which are supported by resources including a new stream of recurrent funding starting from the 2009/10 academic year.

5 The key performance measures are:

Achievements of the UGC in the 2009/10 and 2010/11 academic years

Funding for the 2009/10 to 2011/12 triennium and planning for the 2012/13 to 2014/15 triennium

- The Legislative Council Finance Committee (FC) approved at its meeting on 9 January 2009 a total recurrent grant of \$33,992.0 million for the UGC-funded institutions for the 2009/10 to 2011/12 triennium. Subsequently, additional publicly-funded undergraduate and research postgraduate places have been allocated to the Hong Kong Institute of Education during the triennium to support its development into a multi-disciplinary institution with research and research training capacity.
- The UGC has initiated the academic development planning process for the 2012/13 to 2014/15 triennium with the eight UGC-funded institutions, within the broad parameters set by the Government. It plans to submit its funding recommendations for the new triennium to the Government in the third quarter of 2011.

Preparation for the New Academic Structure for Senior Secondary Education and Higher Education

- The UGC and its funded institutions are already well advanced in terms of preparing for the change to a four-year normative undergraduate structure (also known as the “3+3+4” structure). Much work has already been achieved in drawing up new curricula and admissions, as well as implementation of the necessary capital works projects for buildings and facilities for the additional students. Institutions are also reaching out to share their experiences and enhance understanding. Ten symposia, including several involving the school sector, have been held.
- On the capital side, funding approval has been obtained from the FC for all the capital works projects necessary for the “3+3+4” reform. While the timelines for some projects are very tight, construction works of all these projects have commenced and the institutions and the UGC are closely monitoring progress. The “3+3+4” Group formed under the UGC continues to consider and monitor developments related to the implementation of the new academic structure in the UGC-funded institutions.

Higher Education Review

- In 2009, the UGC embarked on an important exercise - the Higher Education Review 2010. The Review aimed to come up with a forward looking document that could assist the Government and the public in reflecting on the purposes of higher education, perceived world trends, vision and hence the strategies for Hong Kong’s higher education system. During 2009 and 2010, the UGC consulted extensively with stakeholders and held four consultation sessions on the matter. The UGC submitted the Report titled “Aspirations for the Higher Education System in Hong Kong” to the Government in December 2010.

Senior Year Articulation Opportunities

- To allow for some additional places in nursing, in the 2010/11 academic year the UGC increased the number of Year Two articulation places from 1 927 to 1 987. For the 2010/11 academic year, therefore, a total of 3 914 senior year articulation places will be in place. The UGC warmly welcomes the Government’s proposed addition of 4 000 senior year places during the 2012/13 to 2014/15 triennium and will work with institutions on how they should best be deployed.

Importance of Teaching

- The UGC wishes to emphasise the importance of teaching excellence in the UGC-funded institutions. Of the total block grant, 75 per cent is for teaching and thus it must be a central focus of institutions. The UGC is placing emphasis on teaching in several ways. The academic development planning process for the 2012/13 to 2014/15 triennium will have a strong focus on taught programmes. The report of the Higher Education Review 2010 has a chapter dedicated to the subject. The UGC will establish an annual UGC Teaching Award in 2011. In addition, we shall continue to emphasise the importance of teaching methods and the language proficiency of local university students. The annual provision of Teaching Development Grants and Language Enhancement Grants to the UGC-funded institutions will be \$37.6 million and \$112.4 million respectively in the 2011/12 academic year to enable institutions to step up their efforts in these areas.

Promoting Outcome-based Approaches in Student Learning

- The UGC believes outcome-based approaches in student learning are important and that there is a trend in many jurisdictions in adopting these approaches. With the support of the UGC, a “3+3+4” Symposium on Enhancing and Assessing Students’ Learning Outcomes for the New Four-year Curriculum was held in December 2009, which was the sixth symposium under the “3+3+4” series. In June 2010, the UGC provided additional funds of about \$43 million to its funded institutions to facilitate them to weave “outcomes” into the “3+3+4” curricula and to build up their capacities.

Quality Assurance

- The QAC is tasked to assist the UGC in discharging its role in quality-related matters in respect of programmes offered at degree and above levels at the UGC-funded institutions. The QAC has two primary roles: to undertake quality audits of the student learning experience at each of the eight UGC-funded institutions; and to promote quality assurance and enhancement, and the spread of good practice. So far, the QAC has completed the audits on six institutions. With the conduct of audits on the Hong Kong Polytechnic University and the Hong Kong Institute of Education within the 2010/11 academic year, audits on all eight UGC-funded institutions will be completed before the end of the 2010/11 academic year.

Research Funding and Research Assessment Exercise

- The UGC is continuing to pursue with the eight UGC-funded institutions various ways to make the allocation of research funding more competitive. The allocation of the research postgraduate places will be subject to competitive elements in the 2012/13 to 2014/15 triennium and some funding will be transferred from the Research portion of the Block Grant to the RGC during the triennium. As regards the future of the Research Assessment Exercise, the UGC is consulting the sector on the matter.

Research Endowment Fund

- In January 2009, the FC approved a one-off grant of \$18 billion to the UGC for the setting up of a Research Endowment Fund. From the 2010/11 academic year onwards, the Research Endowment Fund has replaced the bulk of the annual funding for earmarked research grants from the research subvention, thus providing greater funding stability and certainty. Investment income generated from up to \$4 billion of the Research Endowment Fund will be used to support theme-based research. During 2010, the Administration announced three themes and after the RGC consulted the academic community, 11 broad topics under the three themes were announced in September, together with the call for preliminary proposals. A total of 22 proposals were shortlisted in December 2010 for preparation of full proposals for final selection.

Work of the RGC

- The RGC funded some 848 and 842 grant applications in the 2009/10 and 2010/11 academic years respectively. To promote public policy research, the Government has agreed to extend the Public Policy Research Funding Scheme for four years up to 2011–12. To support longer-term public policy research and to focus on specific areas, a Strategic Public Policy Research Funding Scheme was launched alongside the Public Policy Research Funding Scheme starting from the 2008/09 academic year. The RGC established the Hong Kong PhD Fellowship Scheme in 2009 and plans to award about 135 fellowships each year starting from the 2010/11 academic year using research postgraduate places granted by the UGC. For the 2010/11 academic year, 106 students took up the fellowships. The second call for the Scheme closed on 1 December 2010. The results will be announced in March 2011.

Knowledge Transfer

- The UGC recognises the importance of knowledge transfer in bringing about socio-economic benefits and impact to the community and businesses. From the 2009/10 academic year onwards a new stream of recurrent funding of around \$50 million per year has been allocated to its funded institutions to further strengthen and broaden their endeavours, commensurate with their roles and missions. Institutions' annual reports on the use and outcomes of the funding have been uploaded to the UGC website for public consumption.

Matching Grant Scheme

- In view of the very encouraging response to the first four rounds of Matching Grant Scheme, the Administration introduced the Fifth Matching Grant Scheme with a commitment of \$1,000 million as approved by the FC in April 2010. Apart from the eight UGC-funded institutions and the two other local degree awarding institutions, namely the Open University of Hong Kong and the Hong Kong Shue Yan University, the Scheme was extended to include the Hong Kong Academy for Performing Arts and Chu Hai College of Higher Education. One of the Scheme's main aims is to further strengthen the higher education institutions' fund-raising capabilities and to encourage the growth of a philanthropic culture in the community. The Fifth Matching Grant Scheme was opened for application from June 2010 and will end in March 2011. The response from donors has been excellent and the funds are expected to be fully expended.

Internationalisation and Non-local Students

- The Chief Executive set forth in his 2009–10 Policy Address the initiative to develop education services by enhancing Hong Kong's status as an education hub, and further internationalise our institutions. Internationalisation will continue to be a priority for the UGC, not only in terms of having more non-local students studying in Hong Kong and more local students being able to go on exchange programmes, but also by ensuring the whole institutional environment is appropriate. With effect from the 2008/09 academic year, the UGC-funded institutions were allowed to increase in phases the non-local student quota for publicly-funded programmes from ten per cent to 20 per cent of the approved student number targets. A key constraining factor is hostel places - for both local and non-local students. The UGC is working with the Government and the institutions to have these in place as quickly as possible, including proposals to develop joint hostels for shared use by institutions.

Openness and Transparency of UGC Activities

- The UGC, RGC and QAC continue to endeavour to make their work more transparent and open, and explain their work to and listen to views expressed by the public. In 2010, the Chairman of the UGC held meetings with the Deans and Heads of Academic Departments of all eight institutions to enhance communication and listen directly to their views concerning the work of the UGC. She also briefed the press after UGC meetings to explain its work. Reports published are made public - such as the UGC and RGC Annual Reports, the report of the Higher Education Review 2010, and those on QAC quality audits. The RGC has also made its work more transparent by, for example, having three public lectures on "Chinese Medicine", "science of financial analysis" and the "bird flu" in 2010.

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Indicators

Recurrent subventions

	2009/10 (Actual)	Academic Year 2010/11 (Revised Estimate)	2011/12 (Estimate)
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m)	11,494.8	10,910.0	10,961.7
Language Enhancement Grants# amount of grants (\$m).....	112.4	112.4	112.4
Teaching Development Grants# amount of grants (\$m).....	37.6	37.6	37.6
research grants			
general research fund applications dealt with	2 303	2 463	2 592
other research grant applications dealt with	494	523	529
amount of research grants earmarked for the RGC (\$m).....	606.0	100.0 [^]	100.0[^]
on-going funded earmarked research grant projects monitored (including new projects funded in the year).....	4 329	4 517	4 561
grants for Areas of Excellence research projects			
on-going funded Areas of Excellence projects monitored	13	13	12
amount of grants (\$m).....	95.9	89.8	79.7

Language Enhancement Grants and Teaching Development Grants have been included in the block grants to the institutions.

[^] The 2010/11 academic year marks the first full year in which the bulk of funding for research projects under the RGC comes from the Research Endowment Fund. The UGC will continue to earmark/allocate, out of the recurrent subvention from the Government, \$100 million in the 2011/12 academic year to the RGC for research grant funding.

Capital subventions

	2009–10 (Actual)	Financial Year 2010–11 (Revised Estimate)	2011–12 (Estimate)
capital grants			
capital works project applications processed	4	5	3
capital works projects approved by FC.....	15	—	7
amount of capital commitments approved by FC (\$m) ...	8,487.0	—	2,130.6
capital projects monitored.....	29	26	31
cost of on-going capital projects monitored (\$m)	12,809.8	12,049.0	13,933.4
capital subventions in terms of cash flow requirement for the year (\$m)	1,171.3	1,779.5	3,689.8

Administration costs of UGC Secretariat

cost of administration as percentage of recurrent and capital grants administered (%).....	0.5	0.6	0.5
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Student numbers of UGC-funded programmes

	2009/10 (Actual)‡	Academic Year 2010/11 (Revised Estimate)‡	2011/12 (Estimate)‡
student numbers in terms of Full-Time Equivalent (FTE) students			
undergraduateΨ	55 514	50 908	51 119
taught postgraduate	2 381	2 243	2 243
research postgraduate	6 169	5 325	5 595
sub-degree	5 275	5 683	5 591
total§	69 340	64 159	64 548
First-Year-First-Degree (FYFD) places (FTE)	15 729	14 580	14 620
FYFD places as a percentage of average population in each of relevant age group (17-20) (%)	18.5	17.5	17.6
senior year undergraduate intakes (FTE)	1 984	1 987	1 987
FYFD and senior year undergraduate intakes as a percentage of average population in each of relevant age group (17-20) (%)	20.8	19.9	20.0

‡ The “actual” figures are often higher than the “revised estimate” or “estimate” figures because the estimates do not assume any over-enrolment. In practice, institutions do over-enroll, particularly to take in non-local students who are on top of the UGC quota.

Ψ Include senior year undergraduate places.

§ Figures may not add up due to rounding.

Matters Requiring Special Attention in 2011–12

6 During 2011–12, the UGC will:

- work closely with the Education Bureau in taking forward the recommendations of the Higher Education Review Report “Aspirations for the Higher Education System in Hong Kong”;
- work closely with the UGC-funded institutions and relevant parties to take forward the reform of the new academic structure for senior secondary education and higher education and ensure they continue to undergo their final stage of preparation smoothly;
- work closely with institutions and relevant government departments to implement the capital works projects necessary for the “3+3+4” reform and for the provision of more student hostels;
- complete the academic development planning work for the 2012/13 to 2014/15 triennium with the UGC-funded institutions and work out the funding allocation, with a view to submitting the triennial funding recommendations to the Government in the third quarter of 2011;
- undertake, via the QAC, the quality audit of the Hong Kong Institute of Education, the final audit in the first round of quality audits;
- continue to take measures to encourage the UGC-funded institutions to adopt outcome-based approaches in student learning;
- continue to introduce more competitive elements into the allocation of research funding, and further consider, with the UGC-funded institutions, the future of the Research Assessment Exercise;
- continue to engage and stimulate institutions to move forward and share good practices on knowledge transfer; and
- work with the UGC-funded institutions to help ensure their continuing good governance and sound financial planning.

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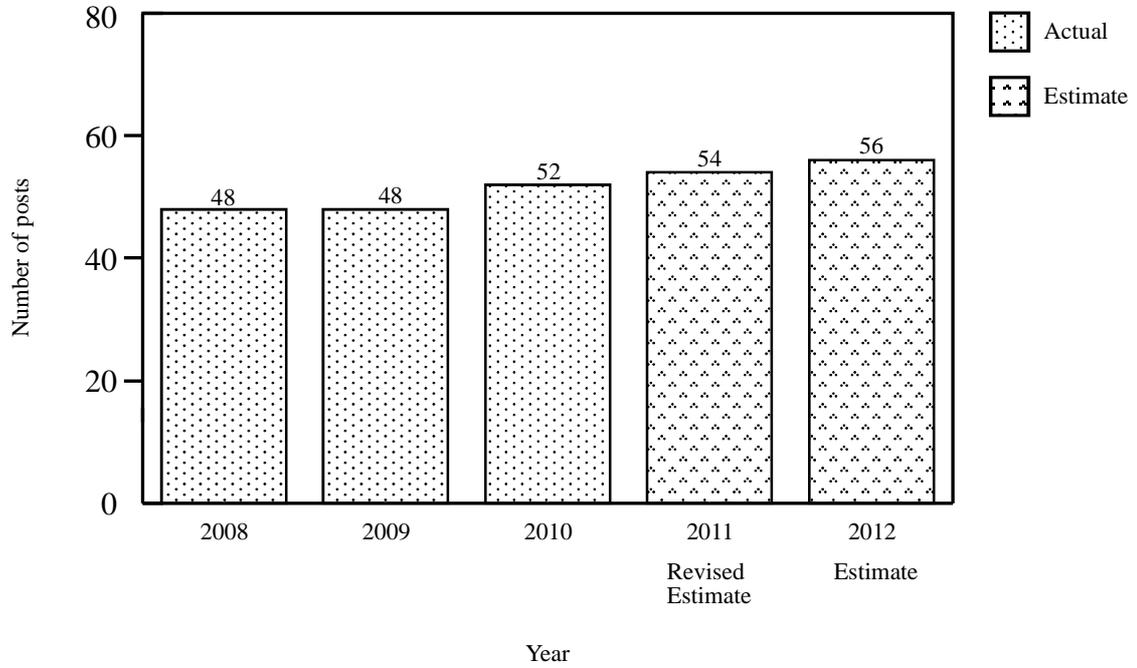
ANALYSIS OF FINANCIAL PROVISION

Programme	2009–10 (Actual) (\$m)	2010–11 (Original) (\$m)	2010–11 (Revised) (\$m)	2011–12 (Estimate) (\$m)
University Grants Committee	11,539.4	10,982.2	12,094.8 (+10.1%)	11,027.7 (–8.8%)
				(or +0.4% on 2010–11 Original)

Analysis of Financial and Staffing Provision

Provision for 2011–12 is \$1,067.1 million (8.8%) lower than the revised estimate for 2010–11. This is mainly due to the anticipated completion of the Fifth Matching Grant Scheme and an estimated drop of Home Financing Scheme expenditure following the gradual expiry of the ten-year entitlement period of Home Financing Scheme recipients, partly offset by higher recurrent grants to UGC-funded institutions as a result of 2010 civil service pay rise, and increased funding for phasing in of additional research postgraduate places. In addition, there will be an increase of two posts in the UGC Secretariat in 2011–12.

*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)	Actual expenditure 2009–10	Approved estimate 2010–11	Revised estimate 2010–11	Estimate 2011–12	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	11,539,375	10,982,174	11,094,782	11,027,723
	Total, Recurrent	<u>11,539,375</u>	<u>10,982,174</u>	<u>11,094,782</u>	<u>11,027,723</u>
Non-Recurrent					
	General non-recurrent	—	—	1,000,000	—
	Total, Non-Recurrent	<u>—</u>	<u>—</u>	<u>1,000,000</u>	<u>—</u>
	Total, Operating Account.....	11,539,375	10,982,174	12,094,782	11,027,723
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	Total Expenditure	<u><u>11,539,375</u></u>	<u><u>10,982,174</u></u>	<u><u>12,094,782</u></u>	<u><u>11,027,723</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2011–12 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$11,027,723,000. This represents a decrease of \$1,067,059,000 against the revised estimate for 2010–11 and of \$511,652,000 against actual expenditure in 2009–10.

Operating Account

Recurrent

2 Provision of \$11,027,723,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of the UGC Secretariat and the payment of recurrent grants to the UGC-funded institutions.

3 The establishment as at 31 March 2011 will be 54 permanent posts. It is expected that two permanent posts will be created in 2011–12. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2011–12, but the notional annual mid-point salary value of all such posts must not exceed \$22,775,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2009–10 (Actual) (\$'000)	2010–11 (Original) (\$'000)	2010–11 (Revised) (\$'000)	2011–12 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	24,848	26,400	26,400	27,945
- Allowances	1,804	1,709	1,457	1,270
- Job-related allowances.....	—	—	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	73	76	55	51
- Civil Service Provident Fund contribution	71	129	274	554
Departmental Expenses				
- General departmental expenses.....	22,448	23,000	24,580	25,942
Other Charges				
- Honoraria for overseas members	4,980	6,780	6,600	7,130
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council	9,492	11,880	13,550	14,530
Subventions				
- Grants to UGC-funded institutions	10,857,372	10,433,800	10,550,400	10,595,600
- Refund of rates and government rent - UGC-funded institutions.....	149,285	164,000	160,000	170,200
- Home Financing Scheme	414,945	260,300	257,434	130,400
- Housing-related expenses other than Home Financing Scheme.....	54,057	54,100	54,031	54,100
	11,539,375	10,982,174	11,094,782	11,027,723