

Head 190 — UNIVERSITY GRANTS COMMITTEE

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

Estimate 2013–14	\$15,015.6m
Establishment ceiling 2013–14 (notional annual mid-point salary value) representing an estimated 56 non-directorate posts as at 31 March 2013 rising by three posts to 59 posts as at 31 March 2014	\$28.7m
In addition, there will be an estimated three directorate posts as at 31 March 2013 and as at 31 March 2014.	
Commitment balance	\$300.0m

Controlling Officer's Report

Programme

University Grants Committee

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

Detail

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	11,707.5	13,304.1	15,851.6 (+19.1%)	15,015.6 (–5.3%)
				(or +12.9% on 2012–13 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 initiatives to enhance teaching and learning 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 stream of recurrent funding starting from the 2009/10 academic year.

5 The key performance measures are:

Achievements of the UGC in the 2011/12 and 2012/13 academic years

Funding for the 2012/13 to 2014/15 triennium

- Following the acceptance of the recurrent grant for the UGC-funded institutions for the 2012/13 to 2014/15 triennium by the Finance Committee (FC) of the Legislative Council in January 2012, the UGC informed the respective institutions their funding allocation for the 2012/13 to 2014/15 triennium in February 2012. The funding allocation had already taken into account price adjustments, funding for the additional year of undergraduate programmes under the New Academic Structure (NAS), funding for the additional First-Year-First-Degree (FYFD) and senior year undergraduate places and the replacement of the existing \$100.0 million annual recurrent subvention to the RGC starting from the 2013/14 academic year by the investment income from additional injection of \$2 billion into the Research Endowment Fund.
- The UGC will kick-start the preparations for the next round of the funding allocation exercise with the institutions.

Preparation for the NAS for Senior Secondary Education and Higher Education

- To prepare for the admission of two cohorts of students at the same time, institutions had implemented a number of measures, including recruitment of additional staff, strengthened support for student admission, enhanced induction and advisory services for freshmen, additional ancillary facilities and services such as catering, upgrading of information technology systems for online class registration, etc.
- The NAS was smoothly implemented in the UGC sector in September 2012.
- The 12 capital works projects necessary for the NAS have been completed. The UGC continues to monitor the UGC-funded institutions' consequential spatial reorganisation works to ensure better space utilisation and to meet the needs of the NAS.

Higher Education Review

- Following extensive consultation, the UGC submitted the report entitled “Aspirations for the Higher Education System in Hong Kong” (Higher Education Review Report) to the Government in December 2010. The report is a forward looking document that assists 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. The Government endorsed the overall strategies and directions recommended in the report. The UGC is working closely with the Education Bureau on the implementation of the recommendations of the report and this will continue to be one of the major tasks of the UGC in the coming years.

Senior Year Articulation Opportunities

- To enhance the articulation opportunities for sub-degree graduates, the number of publicly-funded senior year undergraduate places will be gradually increased from 3 974 in the 2011/12 academic year to 8 000 in the 2015/16 academic year. The UGC-funded institutions have allocated these places to different academic programmes. The UGC have also been working with the institutions on further enhancing the transparency and fairness of progression from sub-degree to senior years of UGC-funded undergraduate programmes. For instance, information on admission requirements and intake number of UGC-funded senior year programmes for the 2012/13 and 2013/14 academic years had already been uploaded to the Information Portal for Accredited Post-secondary Programmes (<http://www.ipass.gov.hk>), a dedicated website launched by the Education Bureau to provide information on accredited post-secondary programmes.

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 the institutions. The UGC is placing emphasis on teaching in several ways. The academic development planning process for the 2012/13 to 2014/15 triennium had given a strong focus on teaching quality. The Higher Education Review Report provided specific suggestions on the approaches that the UGC-funded institutions might adopt to improve teaching and learning. To reinforce the importance of teaching, the UGC continued to organise the annual UGC Teaching Award since its inauguration in September 2011. We will continue to emphasise the importance of enhancing teaching quality and the language proficiency of students. The annual provision of Teaching Development Grants and Language Enhancement Grants to the UGC-funded institutions will be \$39.6 million and \$118.8 million respectively in the 2013/14 academic year to enable institutions to step up their efforts in these areas. During the 2013/14 and 2014/15 academic years, the UGC will continue to further enhance the support for institutions in the area of teaching and learning through supporting institutional collaborative projects on teaching and learning, facilitating the establishment of communities of practice by institutions, and supporting the teaching development activities of all front-line teaching staff.

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 through the spread of good practice. The QAC's first round of audits of the eight UGC-funded institutions was completed in 2011. The QAC is conducting a review of the quality audits in consultation with the institutions and is finalising the framework for the second audit cycle.

Research Funding and Research Assessment Exercise

- To promote research excellence, the UGC continues 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 has been subject to a competitive process in the 2012/13 to 2014/15 triennium and some funding within the Research portion of the Block Grant has been allocated on a more competitive basis in a gradual manner starting from the 2012/13 academic year. After consulting the sector, the UGC has started the preparation for the Research Assessment Exercise 2014 and informed the institutions of the framework of the exercise.
- In January 2009, the FC approved a one-off grant of \$18 billion for the setting up of a Research Endowment Fund. From the 2010/11 academic year onwards, investment income from at least \$14 billion of 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 is used to support the Theme-based Research Scheme.

- The FC approved in January 2012 an additional injection of \$5 billion into the Research Endowment Fund. Investment income generated from \$2 billion of the injection will be used to replace the remaining \$100.0 million annual recurrent subvention to the RGC for earmarked research grants to the UGC-funded institutions from the 2013/14 academic year onwards. Investment income generated from the other \$3 billion of the injection will provide new competitive research funds for the local self-financing degree sector.

Work of the RGC

- The RGC funded some 911 and 1 027 grant applications in the 2011/12 and 2012/13 academic years respectively with earmarked research grants, which are funded by annual recurrent subvention to RGC and investment income from the Research Endowment Fund. With effect from 2013–14, the administration of the Public Policy Research Funding Schemes will be taken up by the Central Policy Unit. Starting from the 2013/14 academic year, all research schemes under the RGC, with the exception of the Hong Kong PhD Fellowship Scheme and the Areas of Excellence Scheme, will be funded by investment income from the Research Endowment Fund.
- Under the Hong Kong PhD Fellowship Scheme which aims to attract students of high calibre to pursue their Doctor of Philosophy studies in Hong Kong, 165 fellowships were awarded in the 2012/13 academic year. For the 2013/14 academic year, the fourth call for the Scheme closed on 1 December 2012 and the results will be announced in March 2013. As for the Areas of Excellence Scheme which seeks to build upon Hong Kong's existing research strengths and develop them into areas of excellence, its administration was transferred from the UGC to the RGC on 1 February 2012. The RGC has embarked on the sixth round of funding exercise and the results are expected to be available in July 2013.

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 stream of recurrent funding of around \$50.0 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 past five rounds of Matching Grant Scheme and to continue fostering a philanthropic culture, complementing institutions' efforts to tap more funding sources and helping institutions improve the quality of education, the Administration introduced the Sixth Matching Grant Scheme with a commitment of \$2,500.0 million as approved by the FC in June 2012. In total, the Scheme covers 17 statutory post-secondary education institutions and approved post-secondary colleges, including the eight UGC-funded institutions. To support the development of multiple study pathways, the Scheme for the first time covers the self-financing operations and extension arms of the publicly-funded institutions as well as the sub-degree operations of the self-financing institutions. The Sixth Matching Grant Scheme is open for two years from August 2012 to July 2014.

Internationalisation and Non-local Students

- 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. As a result, the number of non-local students pursuing UGC-funded programmes increased from 8 392 in the 2008/09 academic year to 10 770 in the 2011/12 academic year (an increase of 28 per cent). To encourage institutions to provide more exchange opportunities for local students, a one-off grant of \$50.0 million was made available for institutions from 1 January 2011 to 31 December 2013 on a dollar-to-dollar matching basis. As a key factor in promoting internationalisation is the provision of 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.

Openness and Transparency of UGC Activities

- The UGC, RGC and QAC continue to make their work more transparent and open, and explain their work to and listen to views expressed by the public. The Chairman of the UGC paid visits to all eight institutions to meet with their senior management as well as students to enhance communication and listen directly to their views concerning the work of the UGC. Reports published are made public – such as the UGC and RGC Annual Reports and the reports of the QAC quality audits. The RGC has also made its work more transparent by, for example, having four public lectures under four subject areas on “Cloud Computing”, “Cosmology and Astrophysics”, “Genomic and Personalised Medicine” and “Sustainable Environment and Energy Research” in 2012.

Head 190 — UNIVERSITY GRANTS COMMITTEE

Indicators

Recurrent subventions

	<i>Academic Year</i>		
	2011/12 (Actual)	2012/13 (Revised Estimate)	2013/14 (Estimate)
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m)	11,784.8	14,123.1	14,657.7
Language Enhancement Grants# amount of grants (\$m).....	112.4	118.8	118.8
Teaching Development Grants# amount of grants (\$m).....	37.6	38.6	39.6
research grants			
general research fund applications dealt with Δ.....	2 592	2 399	—
other research grant applications dealt with Δ	594	872	—
amount of research grants earmarked for the RGC (\$m).....	100.0 [^]	100.0 [^]	0
on-going funded earmarked research grant projects monitored (including new projects funded in the year) Δ.....	4 738	5 134	—
grants for Areas of Excellence research projects			
on-going funded Areas of Excellence projects monitored	13	10	11
amount of grants (\$m).....	79.7	72.3	88.7

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

Δ The projects/applications covered in the 2011/12 and 2012/13 academic years include those funded by recurrent subventions as well as the Research Endowment Fund. These indicators will be phased out starting from the 2013/14 academic year as earmarked research grants will no longer be provided by recurrent subventions under Head 190. Projects funded by recurrent subventions in the past will continue to be monitored by the RGC through the established monitoring mechanism.

[^] 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 has since been earmarking and allocating, out of the recurrent subvention from the Government, \$100.0 million in each academic year to the RGC for research grant funding. From the 2013/14 academic year onwards, the \$100.0 million will be replaced by the investment income generated from the additional injection of \$2 billion into the Research Endowment Fund.

Capital subventions

	<i>Financial Year</i>		
	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (Estimate)
capital grants			
capital works project applications processed.....	2	8	2
capital works projects approved by FC.....	1	1	0
amount of capital commitments approved by FC (\$m)...	360.2	198.3	0
capital projects monitored.....	25	25	22
cost of on-going capital projects monitored (\$m).....	12,163.0	12,212.1	11,570.5
capital subventions in terms of cash flow requirement for the year (\$m).....	3,694.8	2,840.6	973.8

Head 190 — UNIVERSITY GRANTS COMMITTEE

Administration costs of UGC Secretariat

	<i>Financial Year</i>		
	2011–12 (Actual)	2012–13 (Revised Estimate)	2013–14 (Estimate)
cost of administration as percentage of recurrent and capital grants administered (%).....	0.5	0.5	0.7

Student numbers of UGC-funded programmes

	<i>Academic Year</i>		
	2011/12 (Actual)	2012/13 (Revised Estimate)	2013/14 (Estimate)¶
student numbers in terms of Full-Time Equivalent (FTE) students			
undergraduate‡	57 331	75 397§	68 883
taught postgraduate	2 379	2 428	2 193
research postgraduate.....	6 496	6 773	5 595
sub-degree.....	5 606	5 661	5 019
totalΨ	71 813	90 258§	81 690
FYFD places (FTE)	16 354	33 087§	15 000
senior year undergraduate intakes (FTE).....	2 049	2 552	2 987

¶ The figures in this column refer to approved student number targets and 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 approved student number targets.

‡ Include senior year undergraduate places.

§ To tie in with the implementation of the NAS, UGC-funded institutions have admitted two cohorts of students in the 2012/13 academic year.

Ψ Figures may not add up due to rounding.

Matters Requiring Special Attention in 2013–14

6 During 2013–14, the UGC will:

- continue to work closely with the Education Bureau and the UGC-funded institutions in taking forward the recommendations in the Higher Education Review Report;
- complete, via the QAC, the review of the quality audit process and the Audit Manual with a view to finalising the arrangements for and embarking on the second round of quality audits;
- continue to take measures to encourage the UGC-funded institutions to enhance teaching quality through, among others, the establishment of communities of practice in institutions;
- continue to introduce more competitive elements into the allocation of research funding and plan the implementation of the Research Assessment Exercise 2014 in consultation with the UGC-funded institutions;
- 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 financial governance and sound financial planning.

Head 190 — UNIVERSITY GRANTS COMMITTEE

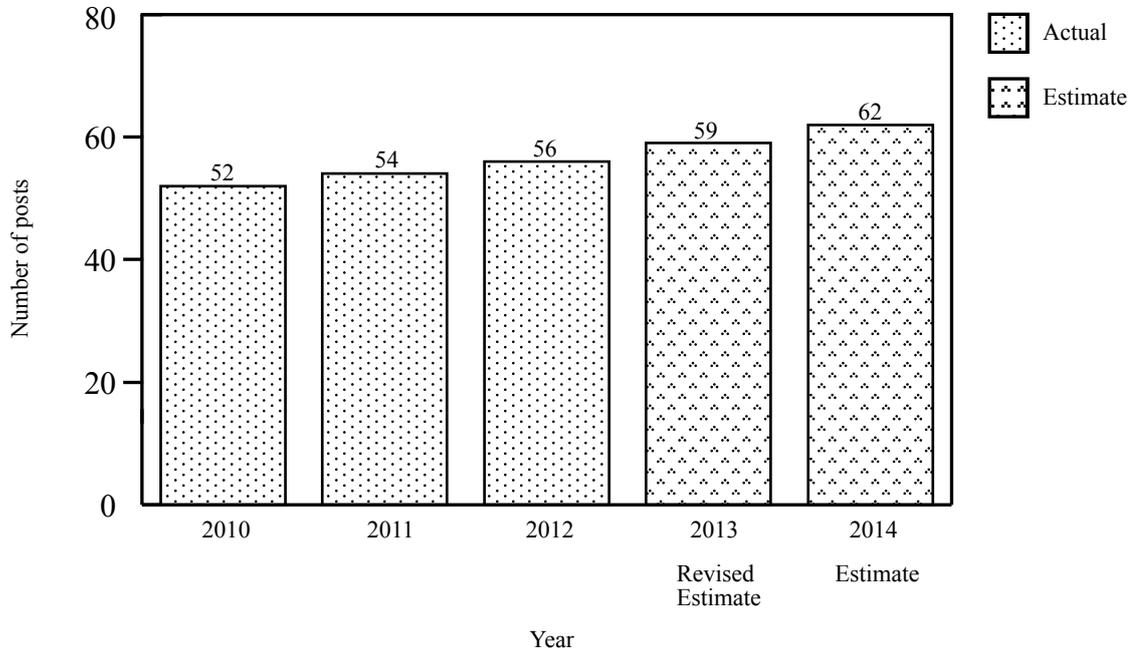
ANALYSIS OF FINANCIAL PROVISION

Programme	2011–12 (Actual) (\$m)	2012–13 (Original) (\$m)	2012–13 (Revised) (\$m)	2013–14 (Estimate) (\$m)
University Grants Committee	11,707.5	13,304.1	15,851.6 (+19.1%)	15,015.6 (–5.3%)
				(or +12.9% on 2012–13 Original)

Analysis of Financial and Staffing Provision

Provision for 2013–14 is \$836.0 million (5.3%) lower than the revised estimate for 2012–13. This is mainly due to a reduction in the estimated funding requirement of the Sixth Matching Grant Scheme in 2013–14, partly offset by higher recurrent grants to UGC-funded institutions due to the increased funding to meet the full-year requirements of the new four-year curriculum and additional FYFD places as well as phasing in of additional senior year undergraduate places. In addition, there will also be an increase of three posts in the UGC Secretariat in 2013–14.

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



Head 190 — UNIVERSITY GRANTS COMMITTEE

Sub-head (Code)	Actual expenditure 2011-12	Approved estimate 2012-13	Revised estimate 2012-13	Estimate 2013-14	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	11,707,549	13,304,129	13,651,629	14,735,579
	Total, Recurrent	<u>11,707,549</u>	<u>13,304,129</u>	<u>13,651,629</u>	<u>14,735,579</u>
Non-Recurrent					
700	General non-recurrent	—	—	2,200,000	280,000
	Total, Non-Recurrent	<u>—</u>	<u>—</u>	<u>2,200,000</u>	<u>280,000</u>
	Total, Operating Account.....	11,707,549	13,304,129	15,851,629	15,015,579
<hr/>					
	Total Expenditure	<u><u>11,707,549</u></u>	<u><u>13,304,129</u></u>	<u><u>15,851,629</u></u>	<u><u>15,015,579</u></u>

Head 190 — UNIVERSITY GRANTS COMMITTEE

Details of Expenditure by Subhead

The estimate of the amount required in 2013–14 for the salaries and expenses of the University Grants Committee (UGC)-funded institutions and the UGC Secretariat is \$15,015,579,000. This represents a decrease of \$836,050,000 against the revised estimate for 2012–13 and an increase of \$3,308,030,000 over actual expenditure in 2011–12.

Operating Account

Recurrent

2 Provision of \$14,735,579,000 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 2013 will be 59 permanent posts. It is expected that there will be an increase of three permanent posts in 2013–14. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2013–14, but the notional annual mid-point salary value of all such posts must not exceed \$28,702,000.

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

	2011–12 (Actual) (\$'000)	2012–13 (Original) (\$'000)	2012–13 (Revised) (\$'000)	2013–14 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	29,045	32,834	32,834	36,237
- Allowances	699	478	755	891
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	45	41	59	56
- Civil Service Provident Fund contribution	586	845	857	946
Departmental Expenses				
- General departmental expenses	23,283	33,180	32,150	47,704
Other Charges				
- Honoraria for overseas members	6,488	9,530	8,430	9,980
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council	13,775	21,020	17,187	24,714
Subventions				
- Grants to UGC-funded institutions	11,271,077	12,897,800	13,248,025	14,266,650
- Refund of rates and government rent – UGC-funded institutions	178,120	206,000	209,000	272,000
- Home Financing Scheme	130,400	48,300	48,300	22,300
- Housing-related expenses other than Home Financing Scheme	54,031	54,100	54,031	54,100
	11,707,549	13,304,129	13,651,629	14,735,579

Head 190 — UNIVERSITY GRANTS COMMITTEE

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2012	Revised estimated expenditure for 2012–13	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	842	Sixth Matching Grant Scheme for the post-secondary education sector.....	2,500,000	—	2,200,000	300,000
		Total	2,500,000	—	2,200,000	300,000