

Head 190 — UNIVERSITY GRANTS COMMITTEE

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

Estimate 2021–22 **\$23,041.5m**

Establishment ceiling 2021–22 (notional annual mid-point salary value) representing an estimated 94 non-directorate posts as at 31 March 2021 and as at 31 March 2022 **\$66.5m**

In addition, there will be an estimated three directorate posts as at 31 March 2021 and as at 31 March 2022.

Commitment balance..... **\$2,484.1m**

Controlling Officer's Report

Programme

University Grants Committee

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

Detail

	2019–20 (Actual)	2020–21 (Original)	2020–21 (Revised)	2021–22 (Estimate)
Financial provision (\$m)	44,102.7	22,791.6	22,693.4 (–0.4%)	23,041.5 (+1.5%)
				(or +1.1% on 2020–21 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 universities, and to support the UGC's objectives of advancing the quality of teaching and learning, research and knowledge transfer at the UGC-funded universities, and monitoring the efficiency and cost-effectiveness of the universities' 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 committees and panels, and the Quality Assurance Council (QAC) and its audit panels;
- facilitating communication and understanding among the Government, the UGC, the universities, and relevant stakeholders; and
- disbursing approved grants to the UGC-funded universities and monitoring their financial activities.

4 Various reviews and initiatives to enhance teaching and learning, language proficiency, knowledge transfer and internationalisation have taken place as planned. Research activities are ongoing and developing.

5 The key achievements of the UGC in the 2019/20 and 2020/21 academic years and related performance measures are set out in the paragraphs below.

Triennial funding for UGC-funded universities

- The Chief Executive-in-Council approved on 11 December 2018 the UGC's recurrent funding recommendations at a total cost of \$60,467.1 million for the 2019/20 to 2021/22 triennium. The Panel on Education of the Legislative Council (LegCo) was consulted on the subject on 4 January 2019. The funding allocation has already taken into account price adjustments in accordance with the established mechanism and funding for the additional senior year undergraduate places compared to the 2016/17 to 2018/19 triennium. Provision of \$20,131.3 million and \$20,233.2 million have been earmarked in 2020–21 and 2021–22 respectively to meet the funding requirements of the UGC-funded universities in accordance with the established methodology for determining the level of recurrent grants to the individual universities. Meanwhile, the UGC is conducting the Planning Exercise for the 2022/23 to 2024/25 triennium to determine the recommended allocation of recurrent grants among the eight UGC-funded universities. The UGC plans to submit the funding recommendations for the new triennium to the Government within 2021.

Targeted Taught Postgraduate Programmes Fellowships Scheme

- The Targeted Taught Postgraduate Programmes Fellowships Scheme is launched on a pilot basis for five cohorts starting from the 2020/21 academic year to provide fellowships for local students pursuing designated taught postgraduate programmes conducive to the development of Hong Kong. With a total non-recurrent funding of about \$570.8 million, the Scheme aims to incentivise meritorious local students to pursue further studies in the designated priority areas and encourage the UGC-funded universities to establish more innovative and multi-disciplinary programmes that are beneficial to society. A total of 43 and 102 programmes with 500 and 1 000 fellowship places have been approved for the first and second cohorts respectively. The students are subsidised by the fellowships subject to a cap of \$120,000 (regardless of the actual study period and study mode) to offset the tuition fee.

Teaching and Learning

- Over 75 per cent of the total Block Grant is for teaching. In the 2016/17 to 2018/19 triennium, the UGC allocated about \$178.9 million to support UGC-funded universities in taking forward 38 projects under the Funding Scheme for Teaching and Learning Related Proposals.
- Annual provision of the Teaching Development and Language Enhancement Grant (TDLEG) is allocated to UGC-funded universities for enhancing their teaching quality and language proficiency of their students. Comparing with the previous triennium, the amount of TDLEG in the 2019/20 to 2021/22 triennium has increased by \$268.4 million, to \$781.2 million, such that these universities may strengthen their efforts in continuing the projects funded by the previous funding schemes.

Quality Assurance

- The QAC is tasked to assist the UGC in discharging its role in quality-related matters in respect of programmes offered at the UGC-funded universities. The QAC conducted its first and second rounds of quality audits covering first degree programmes and above offered by the UGC-funded universities from 2008 to 2011 and from 2015 to 2016 respectively. The quality audits on the sub-degree operations of the UGC-funded universities were conducted from 2017 to 2019. The QAC has completed a review of the previous rounds of quality audits and published the Audit Manual for the third audit cycle, which is scheduled to take place from March 2022 to late-2023.

Research Funding and Research Assessment Exercise

- The Task Force on Review of Research Policy and Funding, set up under the UGC in October 2017, completed a holistic review on the existing research support strategy and the level and allocation mechanism of research funding for the higher education sector in Hong Kong. The Task Force submitted its final Review Report to the Government for consideration in September 2018 putting forth an array of recommendations. The Government accepted in full the recommendations put forward by the Task Force. The UGC is making good progress in taking forward the recommendations of the review, in particular the priority initiatives highlighted in the Chief Executive's 2018 Policy Address. The \$20-billion injection into the Research Endowment Fund (REF) has been placed with the Hong Kong Monetary Authority since September 2019 to generate investment income. The RGC has deployed existing resources to enhance the budget for its various research funding schemes in the 2020/21 exercise. With the availability of additional investment income generated from the \$20-billion injection, the RGC will deploy its resources flexibly to ensure sustainability of research funding, enhance support for research collaborations and encourage inter-disciplinary research through collaborative research funding schemes.
- The Research Matching Grant Scheme continues accepting applications from the eight UGC-funded universities and 13 local self-financing degree-awarding institutions till 31 July 2022. Over the three-year operation period, donations/funding from non-government/non-public sectors secured by individual universities/institutions for research-related purposes are eligible for matching, with a view to incentivising the private sector to strengthen financial support for research and development by diversifying the funding sources for the higher education sector, and encouraging collaboration between the industries and the higher education sector in research and development.
- The three new RGC research fellowship schemes, namely RGC Postdoctoral Fellowship Scheme (PDFS), RGC Research Fellow Scheme (RFS) and RGC Senior Research Fellow Scheme (SRFS), were introduced in the 2019/20 academic year. The debut assessment exercise was completed in the first half of 2020. Successful nominees for the respective awards were advised of the result in April 2020 (for PDFS) and July 2020 (for RFS and SRFS). The three new schemes will be run on a regular basis thereafter to benefit post-doctoral fellows (with a quota of 50 awards) as well as researchers at Associate Professor and full Professor ranks (with a quota of ten awards each for RFS and SRFS), with a view to retaining and further attracting research talent for local universities.
- The Research Assessment Exercise (RAE) is part of the UGC's commitment to assess the research performance of UGC-funded universities. The UGC has constantly engaged the universities and stakeholders in developing the implementation details of the RAE 2020 and has been working closely with the 13 assessment panels to ensure smooth implementation including extension of the panel assessment period by four months in order to allow sufficient time for thorough discussion under the COVID-19 pandemic. Assessment of the submissions by the universities is in progress and results announcement is scheduled for mid-2021.

Work of the RGC

- Starting from the 2013/14 academic year, all research schemes under the RGC, with the exception of the Hong Kong PhD Fellowship Scheme (HKPFS) and the Areas of Excellence Scheme (AoE), have been funded by investment income from the REF. The existing endowment of the REF is \$46 billion for providing earmarked research grants, supporting the Theme-based Research Scheme (TRS), providing competitive research funds for the local self-financing degree sector, implementing a Tuition Waiver Scheme to provide non-means-tested tuition waiver for local students enrolled in UGC-funded research postgraduate programmes, providing steady support to the Research Impact Fund (RIF) and augmenting support for RGC collaborative research funding schemes.
- Under the HKPFS, which aims to attract students of high calibre to pursue their Doctor of Philosophy studies in Hong Kong, 300 fellowships would be awarded in the 2021/22 academic year, representing an increase of 50 fellowships as compared with the 2020/21 academic year. As for the AoE, it seeks to build upon Hong Kong's existing research strengths and develop them into areas of excellence. As at end December 2020, a total of 28 projects had been approved in the first nine rounds of the exercise.
- UGC and RGC allocated a one-off additional funding of \$150 million and \$100 million to launch a one-off funding exercise under the Collaborative Research Fund (CRF) and increase the budget for the TRS 2021/22 (Eleventh Round) exercise respectively to support research related to COVID-19 and novel infectious diseases (NIDs). The one-off CRF COVID-19 and NIDs Research Exercise was launched in May 2020 and the funding results were announced in January 2021. As for TRS, together with the budget of the routine TRS exercise (\$230 million), the total budget for the TRS 2021/22 (Eleventh Round) exercise will be \$330 million. The call for proposals for the TRS 2021/22 (Eleventh Round) exercise was closed in September 2020 and the funding result will be announced in around July 2021.

Knowledge Transfer

- The UGC recognises the importance of knowledge transfer in bringing about socio-economic benefits and impact to the community and businesses. Recurrent funding of \$68.5 million per year in the 2019/20 to 2021/22 triennium is being allocated to UGC-funded universities to further strengthen and broaden their endeavours, commensurate with their roles and missions.

Matching Grant Scheme

- The Eighth Matching Grant Scheme with an allocation of \$2.5 billion was launched on 1 July 2019 to help publicly-funded post-secondary institutions tap more funding sources, improve the quality of education and foster a philanthropic culture. The Scheme operates from July 2019 to June 2022 and covers all publicly-funded post-secondary institutions, namely the eight UGC-funded universities, the Vocational Training Council and the Hong Kong Academy for Performing Arts.

Institutional Governance of Universities

- The UGC completed a review on the institutional governance of UGC-funded universities in 2015 which aims to identify good practices internationally in the governance of universities. As one of the initiatives arising from the review, the UGC signed University Accountability Agreements with the UGC-funded universities in June 2019 covering the 2019/20 to 2021/22 triennium to tie in with the triennial funding cycle.

Internationalisation and Non-local Students

- The number of non-local students pursuing UGC-funded taught programmes in the 2019/20 academic year was 12 349, representing about 13 per cent of total student enrolment. The UGC has launched a \$50 million funding scheme to support UGC-funded universities in widening their internationalisation endeavours and enhancing the learning experience of students in the 2019/20 to 2021/22 triennium.

Hostel Development Fund

- The Hostel Development Fund was set up in 2018 to provide funding for the construction of student hostels by UGC-funded universities so as to fully address their anticipated shortfall in student hostel places in about ten years. One-off grants totalling \$10,303.7 million were disbursed in full to the universities concerned in 2019.

Openness and Transparency of UGC Activities

- The UGC, RGC and QAC continue to make their work more transparent and open. They strive to listen to views expressed by stakeholders and cultivate an appreciation of their roles and functions within the community. The UGC and RGC Annual Reports as well as the reports of QAC quality audits are made available for public access. The RGC has also conducted public lectures to introduce its work and activities.

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Indicators

	<i>Academic Year</i>		
	2019/20 (Actual)	2020/21 (Revised Estimate)	2021/22 (Estimate)
<i>Recurrent subventions</i>			
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m)	21,038.3	21,523.4	21,491.1
Teaching Development and Language Enhancement Grant amount of grants (\$m)	260.4	260.4	260.4
grants for AoE research projects			
ongoing funded AoE projects monitored	12	13	13
amount of grants (\$m)#	12.0	190.8	93.4
RIF			
amount of grants (\$m)	72.7	— [^]	— [^]

The allocation for AoE for the 2019/20 to 2021/22 triennium is subject to a cap of \$300 million.

[^] Since the 2020/21 academic year, RIF has been funded by investment income from the REF.

	<i>Financial Year</i>		
	2019–20 (Actual)	2020–21 (Revised Estimate)	2021–22 (Estimate)
<i>Capital subventions</i>			
capital grants			
capital works project applications processed	8	1	0
capital works projects approved by the Finance Committee (FC) of the LegCo	0	4	0
amount of capital commitments approved by the FC (\$m)	0	2,909.5	0
capital projects monitored	4	6	5
cost of ongoing capital projects monitored (\$m)	3,020.4	5,057.8	3,720.4
capital subventions in terms of cash flow requirement for the year (\$m)	118.8	220.0	883.1
<i>Administration costs of UGC Secretariat</i>			
cost of administration as percentage of recurrent and capital grants administered (%)	0.7	0.8	1.0

	<i>Academic Year</i>		
	2019/20 (Actual) [¶]	2020/21 (Revised Estimate) [¶]	2021/22 (Estimate)
<i>Student numbers of UGC-funded programmes</i>			
student numbers in terms of Full-Time Equivalent (FTE) students			
undergraduate [‡]			
- <i>approved</i>	73 840	73 879	73 949
- <i>over/(under)-enrolment</i>	12 345	12 706	N.A.
Sub-total	86 185	86 585	73 949
taught postgraduate			
- <i>approved</i>	1 852	1 877	1 877
- <i>over/(under)-enrolment</i>	153	148	N.A.
Sub-total	2 005	2 025	1 877
research postgraduate			
- <i>approved</i>	5 595	5 595	5 595
- <i>over/(under)-enrolment</i>	2 740	2 760	N.A.
Sub-total	8 335	8 355	5 595

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	<i>Academic Year</i>		
	2019/20 (Actual) [¶]	2020/21 (Revised Estimate) [¶]	2021/22 (Estimate)
sub-degree			
- <i>approved</i>	2 983	2 961	2 961
- <i>over/(under)-enrolment</i>	(567)	(668)	N.A.
Sub-total	2 416	2 293	2 961
Total ^Ψ			
- <i>approved</i>	84 271	84 312	84 382
- <i>over/(under)-enrolment</i>	14 669	14 946	N.A.
Total	98 940	99 258	84 382
sub-degree, undergraduate [‡] and taught postgraduate ^α			
- <i>approved</i>	78 676	78 717	78 787
- <i>over/(under)-enrolment</i>	11 929	12 186	N.A.
Total	90 605	90 903	78 787
First-Year-First-Degree (FYFD) places (FTE)			
- <i>approved</i>	15 000	15 000	15 000
- <i>over/(under)-enrolment</i>	3 362	3 340	N.A.
Total	18 362	18 340	15 000
Senior year undergraduate intakes (FTE)			
- <i>approved</i>	5 000	5 000	5 000
- <i>over/(under)-enrolment</i>	(47)	(349)	N.A.
Total	4 953	4 651	5 000

¶ The figures include both the approved student number and any over/under-enrolment. Universities may over-enrol students up to a certain limit, on a cost-neutral basis, particularly to take in non-local FYFD students who are accounted for outside of the approved student number targets.

‡ Including senior year undergraduate places.

α New indicators as from 2021/22 academic year.

Ψ Figures may not add up due to rounding.

Matters Requiring Special Attention in 2021–22

6 During 2021–22, the UGC will:

- continue to take measures to encourage the UGC-funded universities to enhance teaching quality;
- commence the QAC third audit cycle on the UGC-funded universities in March 2022;
- continue to implement the competitive allocation of research funding as agreed with the UGC-funded universities and the local self-financing degree-awarding institutions, follow up on the recommendations of the Review of the RGC and implement and announce results of the RAE 2020 as agreed with the UGC-funded universities;
- continue to take measures to encourage the UGC-funded universities to strengthen their endeavours in knowledge transfer;
- continue to monitor the implementation of the recommendations in the report on *Governance in UGC-funded Higher Education Institutions in Hong Kong* to help ensure good institutional governance of the UGC-funded universities;
- continue to work with the UGC-funded universities to help ensure their continuing good financial governance and sound financial planning;
- continue to take measures to encourage the UGC-funded universities to strengthen their pursuit of internationalisation and engagement with the Mainland;
- continue to implement the Eighth Matching Grant Scheme, the Research Matching Grant Scheme and three regular RGC fellowship schemes;
- continue to implement the Targeted Taught Postgraduate Programmes Fellowships Scheme;

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- conclude the Planning Exercise for the 2022/23 to 2024/25 triennium and submit UGC's recommendations to the Government for consideration; and
- administer the remuneration subsidy portion of the Global STEM Professorship Scheme which aims to attract overseas research talents in the relevant disciplines to work in Hong Kong, as well as to offer secretarial support to the selection panel of the Scheme.

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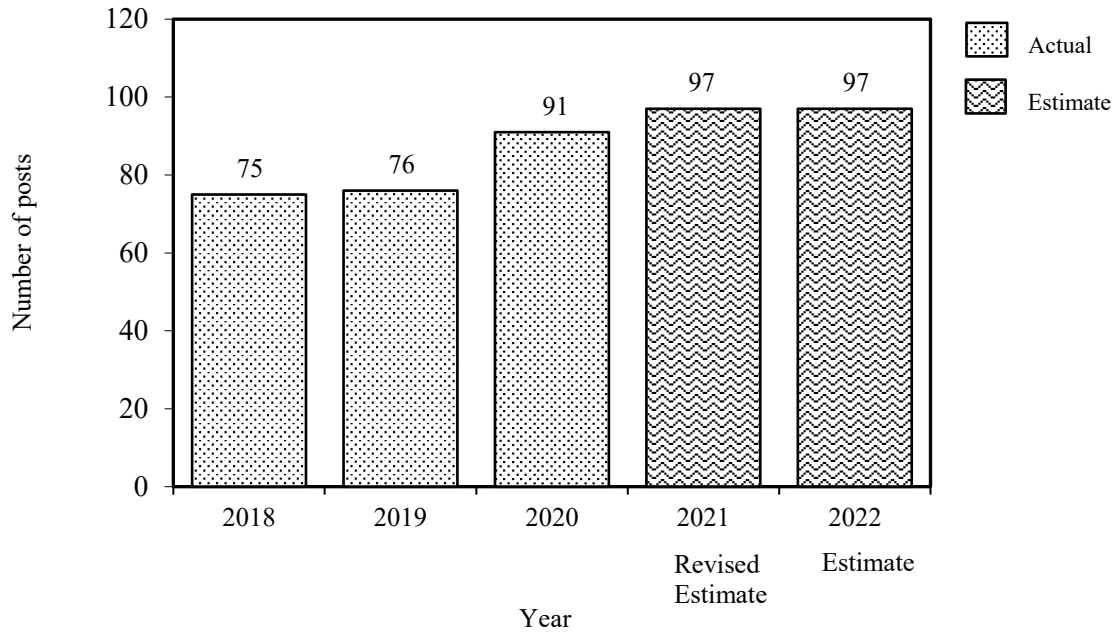
ANALYSIS OF FINANCIAL PROVISION

	2019–20 (Actual) (\$m)	2020–21 (Original) (\$m)	2020–21 (Revised) (\$m)	2021–22 (Estimate) (\$m)
Programme				
University Grants Committee	44,102.7	22,791.6	22,693.4 (–0.4%)	23,041.5 (+1.5%)
				(or +1.1% on 2020–21 Original)

Analysis of Financial and Staffing Provision

Provision for 2021–22 is \$348.1 million (1.5%) higher than the revised estimate for 2020–21. This is mainly due to estimated funding requirement of the Global STEM Professorship Scheme and higher provision for the Targeted Taught Postgraduate Programmes Fellowships Scheme, partly offset by reduced provision for the Eighth Matching Grant Scheme in 2021–22.

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



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Sub-head (Code)	Actual expenditure 2019–20	Approved estimate 2020–21	Revised estimate 2020–21	Estimate 2021–22	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	21,074,108	21,746,608	21,635,364	21,688,652
	Total, Recurrent.....	<u>21,074,108</u>	<u>21,746,608</u>	<u>21,635,364</u>	<u>21,688,652</u>
Non-Recurrent					
700	General non-recurrent.....	23,028,637	1,045,000	1,058,001	1,352,876
	Total, Non-Recurrent	<u>23,028,637</u>	<u>1,045,000</u>	<u>1,058,001</u>	<u>1,352,876</u>
	Total, Operating Account.....	44,102,745	22,791,608	22,693,365	23,041,528
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	Total Expenditure.....	<u>44,102,745</u>	<u>22,791,608</u>	<u>22,693,365</u>	<u>23,041,528</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2021–22 for the salaries and expenses of the University Grants Committee (UGC)-funded universities and the UGC Secretariat is \$23,041,528,000. This represents an increase of \$348,163,000 over the revised estimate for 2020–21 and a decrease of \$21,061,217,000 against the actual expenditure in 2019–20.

Operating Account

Recurrent

2 Provision of \$21,688,652,000 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 universities.

3 The establishment as at 31 March 2021 will be 97 permanent posts. No change in establishment is expected in 2021–22. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2021–22, but the notional annual mid-point salary value of all such posts must not exceed \$66,464,000.

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

	2019–20 (Actual) (\$'000)	2020–21 (Original) (\$'000)	2020–21 (Revised) (\$'000)	2021–22 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	52,987	71,025	57,930	63,600
- Allowances	2,305	2,188	3,075	3,263
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	210	224	238	226
- Civil Service Provident Fund contribution	2,614	4,900	3,472	4,095
Departmental Expenses				
- General departmental expenses	59,946	101,663	81,817	97,793
Other Charges				
- Honoraria for overseas members.....	15,694	42,140	38,820	24,004
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council	17,324	62,742	5,189	57,557
Subventions				
- Grants to UGC-funded universities	20,542,347	21,050,722	21,054,222	21,033,816
- Refund of Rates and Government Rent - UGC-funded universities	326,288	356,903	336,500	350,197
- Housing-related expenses other than Home Financing Scheme	54,393	54,100	54,100	54,100
	21,074,108	21,746,608	21,635,364	21,688,652

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2020	Revised estimated expenditure for 2020–21	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	801	Eighth Matching Grant Scheme.....	2,500,000	2,475,096	23,001	1,903
	803	Research Matching Grant Scheme.....	3,000,000	553,540	975,000	1,471,460
	805	Targeted Taught Postgraduate Programmes Fellowships Scheme.....	570,760	—	60,000	510,760
	952	Global STEM Professorship Scheme [⊠]	500,000 [⊠]	—	—	500,000
		Total	<u>6,570,760</u>	<u>3,028,636</u>	<u>1,058,001</u>	<u>2,484,123</u>

⊠ This is a new item, funding for which is sought in the context of the Appropriation Bill 2021.