

## Head 190 — UNIVERSITY GRANTS COMMITTEE

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

**Estimate 2022–23** ..... **\$22,586.4m**

**Establishment ceiling 2022–23** (notional annual mid-point salary value) representing an estimated 94 non-directorate posts as at 31 March 2022 reducing by five posts to 89 posts as at 31 March 2023 ..... **\$61.9m**

In addition, there will be an estimated three directorate posts as at 31 March 2022 and as at 31 March 2023.

**Commitment balance**..... **\$1,915.2m**

### Controlling Officer's Report

#### Programme

**University Grants Committee**

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

#### Detail

	2020–21 (Actual)	2021–22 (Original)	2021–22 (Revised)	2022–23 (Estimate)
Financial provision (\$m)	22,508.4	23,041.5	22,289.5 (–3.3%)	22,586.4 (+1.3%)
				(or –2.0% on 2021–22 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 initiatives to enhance teaching and learning, knowledge transfer and internationalisation have taken place as planned. Research activities are ongoing and developing.

5 The key achievements of the UGC in the 2020/21 and 2021/22 academic years and related performance measures are set out in the paragraphs below.

Triennial funding for UGC-funded universities

- The UGC conducted the Planning Exercise for the 2022/23 to 2024/25 triennium (the 2022–25 triennium) and submitted the recommendations on the allocation of student places and recurrent grants to the Chief Executive in October 2021. Subsequently, the Chief Executive-in-Council approved in January 2022 the UGC's specific recurrent funding recommendations at a total cost of \$63,211.3 million for the 2022–25 triennium. The Panel on Education of the Legislative Council (LegCo) was consulted on the subject on 8 February 2022. Provision of \$15,780.7 million is earmarked in 2022–23 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.

### Targeted Taught Postgraduate Programmes Fellowships Scheme

- The Targeted Taught Postgraduate Programmes Fellowships Scheme was 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. Each meritorious local student pursuing taught postgraduate programme in a designated priority area and selected by the respective UGC-funded universities receives a subsidy of no more than \$120,000 to offset the tuition fee. In October 2021, the UGC announced the selection of 112 programmes with 1 000 fellowship places each year for the third to fifth cohorts (i.e. 2022/23 to 2024/25 intakes) of the Scheme.

### Teaching and Learning

- Taking the “existing pot of money” prior to implementation of the “3-3-4” New Academic Structure and the “new pot of money” for the additional year of undergraduate studies together, around 78 per cent of the Block Grant is purported for teaching purposes in the 2022–25 triennium. In addition, there is an annual provision of the Teaching Development and Language Enhancement Grant (TDLEG) to UGC-funded universities for enhancing their teaching quality and language proficiency of their students. In the 2019/20 to 2021/22 triennium (the 2019–22 triennium), the amount of TDLEG to the funded universities was \$781.2 million. To step up the support for teaching and learning initiatives and to encourage inter-institutional collaboration among the UGC-funded universities, the amount of TDLEG in the 2022–25 triennium will be increased to \$819.8 million with virtual teaching and learning as a central theme, among which \$38.6 million will be dedicated to inter-institutional collaborative activities on teaching and learning.

### 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. Preparation for the third audit cycle is in progress and the QAC aims to conduct the audit visits beginning from early 2023, subject to the situation of the COVID-19 pandemic by then.

### Research Funding and Research Assessment Exercise

- 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. With the availability of additional investment income generated from the \$20-billion injection, the RGC enhanced the budget for its various research funding schemes and 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 Assessment Exercise (RAE) is part of the UGC’s commitment to assess the research performance of UGC-funded universities. The RAE 2020 results were announced in May 2021. About 70 per cent of the research projects were judged by international experts to be “internationally excellent” or above, with 25 per cent being “world leading” and 45 per cent “internationally excellent”. The encouraging outcome provided positive guidance for the universities in their pursuit for excellence and was a strong evidence on the strength of the universities in research.

### 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 (RPg) 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 will be awarded in the 2022/23 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 2021, a total of 28 projects had been approved in the first nine rounds of the exercise. The result of the tenth round exercise will be announced in mid-2022.
- The RGC allocated a one-off additional funding of \$100 million to the TRS 2021/22 (Eleventh Round) exercise to support research related to COVID-19 and novel infectious diseases (NIDs). Together with the budget of the routine TRS exercise (\$267 million), the total budget for the TRS 2021/22 (Eleventh Round) exercise was \$367 million. Eight research projects were approved with two of them related to COVID-19. The UGC also allocated an additional \$100 million to launch the second round of one-off Collaborative Research Fund COVID-19 and NIDs Research Exercise in 2021/22 under which 16 research projects were approved.

- The Research Matching Grant Scheme (RMGS), launched in August 2019 for an initial period of three years, is to incentivise the private sector to strengthen financial support for research and development, and diversify the funding sources for research activities. Following the announcement in the 2021 Policy Address, the UGC informed the LegCo Finance Committee (FC) in October 2021 that the RMGS would be extended upon expiry of its original lifespan to continue accepting applications for another two years or till the exhaustion of the remaining balance of the \$3-billion provision.
- The three 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. These schemes are to run on a yearly basis 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 debut and second exercises were completed in April (for PDFS) and July (for RFS and SRFS) in the respective year of exercise.

## 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 \$71.9 million per year in the 2022–25 triennium will be 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 covered all publicly-funded post-secondary institutions, namely the eight UGC-funded universities, the Vocational Training Council and the Hong Kong Academy for Performing Arts. The participating institutions secured about \$5 billion in total of donations, the \$2.5 billion matching grant was fully allocated by March 2021 and the Scheme was completed.

## Institutional Governance of Universities

- The UGC completed a review on the institutional governance of UGC-funded universities in 2015 which identified good practices for enhancing governance of universities. The first set of University Accountability Agreements (UAAs) for the 2019–22 triennium was signed with the UGC-funded universities to set out their duties and responsibilities in relation to public funding. The UGC and the universities are working together on the renewal of the UAA for the 2022–25 triennium with an updated set of performance indicators.

## Internationalisation and Non-local Students

- The number of non-local students pursuing UGC-funded taught programmes in the 2020/21 academic year was 12 578, representing about 13 per cent of total student enrolment. The UGC has also introduced a \$50 million funding scheme to support UGC-funded universities in widening their internationalisation endeavours and enhancing the learning experience of students in the 2019–22 triennium.

## 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.

## Indicators

	Academic Year		
	2020/21 (Actual)	2021/22 (Revised Estimate)	2022/23 (Estimate)
<i>Recurrent subventions</i>			
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m).....	21,508.9	21,440.6	<b>21,448.9</b>
TDLEG			
amount of grants (\$m).....	260.4	260.4	<b>273.3</b>
grants for AoE research projects			
ongoing funded AoE projects monitored.....	13	10	<b>12</b>
amount of grants (\$m)#.....	180.4	107.4	<b>100.0</b>

# The allocations for the AoE Scheme for the 2019–22 and 2022–25 triennium are each subject to a cap of \$300 million.

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	<i>Financial Year</i>		
	2020–21 (Actual)	2021–22 (Revised Estimate)	2022–23 (Estimate)
<i>Capital subventions</i>			
capital grants			
capital works project applications processed .....	1	2	1
capital works projects approved by the FC .....	3	1	2
amount of capital commitments approved by the FC (\$m) .....	1,493.4	1,416.1	1,185.1
capital projects monitored .....	3	5	7
cost of ongoing capital projects monitored (\$m) .....	2,554.9	3,720.4	4,905.5
capital subventions in terms of cash flow requirement for the year (\$m) .....	314.9	790.4	784.5
<i>Administration costs of UGC Secretariat</i>			
cost of administration as percentage of recurrent and capital grants administered (%) .....	0.7	0.7	1.0
	<i>Academic Year</i>		
	2020/21 (Actual)¶	2021/22 (Revised Estimate)	2022/23 (Estimate)
<i>Student numbers of UGC-funded programmes</i>			
student numbers in terms of Full-Time Equivalent (FTE)			
students			
undergraduate‡			
- approvedα .....	73 879	73 949	73 823
- over/(under)-enrolmentα .....	12 706	N.A.	N.A.
Sub-total .....	86 585	73 949	73 823
taught postgraduate			
- approvedα .....	1 877	1 877	1 864
- over/(under)-enrolmentα .....	148	N.A.	N.A.
Sub-total .....	2 025	1 877	1 864
RPg			
- approvedα .....	5 595	5 595	5 595
- over/(under)-enrolmentα .....	2 760	N.A.	N.A.
Sub-total .....	8 355	5 595	5 595
sub-degree			
- approvedα .....	2 961	2 961	1 636
- over/(under)-enrolmentα .....	(663)	N.A.	N.A.
Sub-total .....	2 298	2 961	1 636
Total¶			
- approvedα .....	84 312	84 382	82 917
- over/(under)-enrolmentα .....	14 950	N.A.	N.A.
	99 262	84 382	82 917
sub-degree, undergraduate‡ and taught postgraduateα			
- approved .....	78 717	78 787	77 323
- over/(under)-enrolment .....	12 190	N.A.	N.A.
Total .....	90 907	78 787	77 323
First-Year-First-Degree (FYFD) intakes (FTE)			
- approvedα .....	15 000	15 000	15 000
- over/(under)-admissionα .....	3 340	N.A.	N.A.
Total .....	18 340	15 000	15 000

	Academic Year		
	2020/21 (Actual) <sup>¶</sup>	2021/22 (Revised Estimate)	2022/23 (Estimate)
Senior year undergraduate intakes (FTE)			
- <i>approved</i> <sup>α</sup> .....	5 000	5 000	5 000
- <i>over/(under)-admission</i> <sup>‡</sup> .....	(360)	N.A.	N.A.
Total .....	4 640	5 000	5 000

¶ The figures include both the approved student number and any over/under-utilisation. 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 2022–23

6 During 2022–23, the UGC will:

- ensure the smooth transition to the 2022–25 triennium, including the phasing out of UGC-funded sub-degree programmes;
- commence advance preparatory work for the Planning Exercise for the 2025/26 to 2027/28 triennium;
- continue to take measures to encourage the UGC-funded universities to enhance the quality of teaching and learning, with emphasis on inter-institutional collaboration and virtual teaching and learning;
- continue to prepare for the QAC third audit cycle on the UGC-funded universities for commencing the audit visits in early 2023, subject to the situation of the COVID-19 pandemic by then;
- continue to implement the competitive allocation of research funding as agreed with the UGC-funded universities and the local self-financing degree-awarding institutions and follow up on the recommendations of the Review of the RGC;
- continue to take measures to encourage the UGC-funded universities to strengthen their endeavours in knowledge transfer;
- conclude the renewal of the UAAs with the UGC-funded universities, which will further promote institutional governance with the publication of an updated set of performance indicators on annual basis;
- 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, as well as to enable university students to set their sights on opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area;
- continue to implement three regular RGC research fellowship schemes to attract and retain research talents;
- continue to operate the RMGS;
- continue to implement the Targeted Taught Postgraduate Programmes Fellowships Scheme;
- review the supply of and demand for UGC-funded RPg places for consideration of the feasibility to increase the number of places, and the allocation mechanism of the RPg places; 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 assessment panel of the Scheme.

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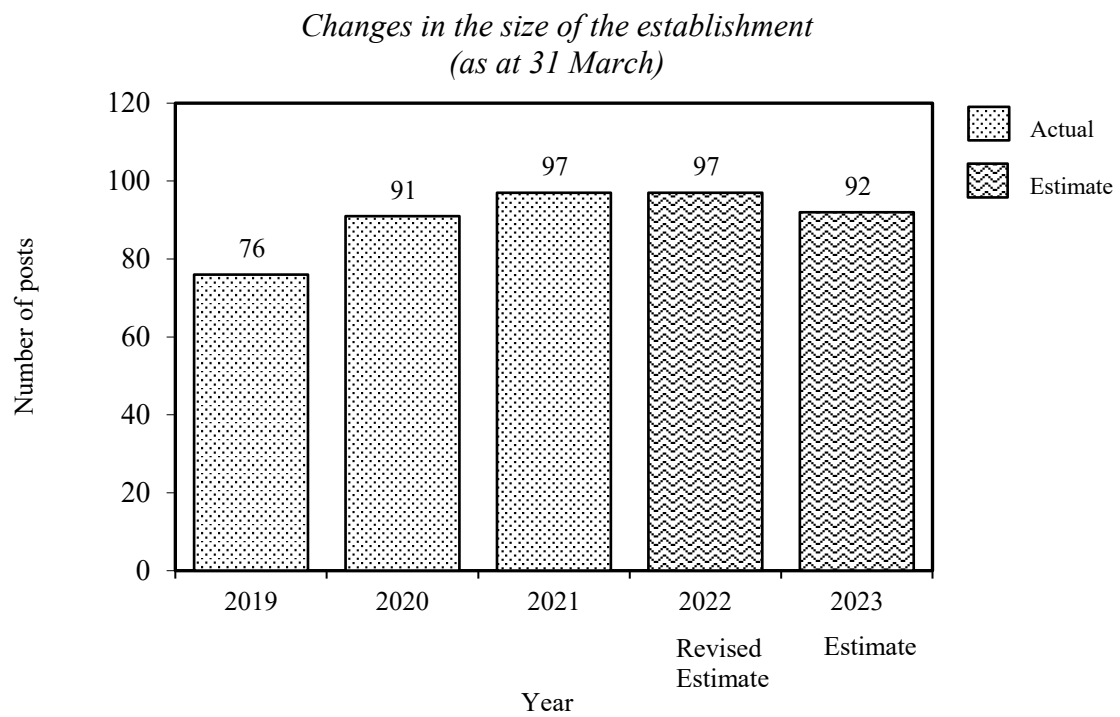
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### ANALYSIS OF FINANCIAL PROVISION

Programme	2020–21 (Actual) (\$m)	2021–22 (Original) (\$m)	2021–22 (Revised) (\$m)	2022–23 (Estimate) (\$m)
University Grants Committee .....	22,508.4	23,041.5	22,289.5 (–3.3%)	22,586.4 (+1.3%)
				(or –2.0% on 2021–22 Original)

### Analysis of Financial and Staffing Provision

Provision for 2022–23 is \$296.9 million (1.3%) higher than the revised estimate for 2021–22. This is mainly due to higher provision for the Global STEM Professorship Scheme in 2022–23. There will be a decrease of five posts in 2022–23.



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Sub-head (Code)		Actual expenditure 2020–21	Approved estimate 2021–22	Revised estimate 2021–22	Estimate 2022–23
		\$'000	\$'000	\$'000	\$'000
<b>Operating Account</b>					
Recurrent					
000	Operational expenses.....	21,612,554	21,688,652	21,558,464	<b>21,651,429</b>
	Total, Recurrent.....	21,612,554	21,688,652	21,558,464	<b>21,651,429</b>
Non-Recurrent					
700	General non-recurrent.....	895,821	1,352,876	731,068	<b>935,000</b>
	Total, Non-Recurrent .....	895,821	1,352,876	731,068	<b>935,000</b>
	Total, Operating Account.....	22,508,375	23,041,528	22,289,532	<b>22,586,429</b>
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	Total Expenditure.....	22,508,375	23,041,528	22,289,532	<b>22,586,429</b>
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### Details of Expenditure by Subhead

The estimate of the amount required in 2022–23 for the salaries and expenses of the University Grants Committee (UGC)-funded universities and the UGC Secretariat is \$22,586,429,000. This represents an increase of \$296,897,000 over the revised estimate for 2021–22 and \$78,054,000 over the actual expenditure in 2020–21.

#### *Operating Account*

#### Recurrent

**2** Provision of \$21,651,429,000 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 2022 will be 97 permanent posts. It is expected that there will be a decrease of five posts in 2022–23. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2022–23, but the notional annual mid-point salary value of all such posts must not exceed \$61,921,000.

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

	2020–21 (Actual) (\$'000)	2021–22 (Original) (\$'000)	2021–22 (Revised) (\$'000)	2022–23 (Estimate) (\$'000)
Personal Emoluments				
- Salaries .....	55,869	63,600	57,950	<b>61,700</b>
- Allowances .....	2,702	3,263	2,981	<b>3,441</b>
- Job-related allowances.....	—	1	1	<b>1</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	234	226	280	<b>220</b>
- Civil Service Provident Fund contribution .....	3,241	4,095	3,880	<b>4,660</b>
Departmental Expenses				
- General departmental expenses .....	71,825	97,793	85,280	<b>110,787</b>
Other Charges				
- Honoraria for overseas members.....	38,085	24,004	22,342	<b>21,294</b>
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council .....	79	57,557	57	<b>42,673</b>
Subventions				
- Grants to UGC-funded universities.....	21,053,228	21,033,816	21,025,862	<b>21,041,646</b>
- Refund of Rates and Government Rent - UGC-funded universities .....	334,077	350,197	305,800	<b>310,976</b>
- Housing-related expenses other than Home Financing Scheme .....	53,214	54,100	54,031	<b>54,031</b>
	<u>21,612,554</u>	<u>21,688,652</u>	<u>21,558,464</u>	<u><b>21,651,429</b></u>

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2021	Revised estimated expenditure for 2021–22	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	803	Research Matching Grant Scheme.....	3,000,000	1,364,525	496,000	1,139,475
	805	Targeted Taught Postgraduate Programmes Fellowships Scheme.....	570,760	60,000	120,000	390,760
	952	Global STEM Professorship Scheme .....	500,000	—	115,000	385,000
		Total.....	4,070,760	1,424,525	731,000	1,915,235