

## Head 190 — UNIVERSITY GRANTS COMMITTEE

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

**Estimate 2023–24** ..... **\$23,134.2m**

**Establishment ceiling 2023–24** (notional annual mid-point salary value) representing an estimated 89 non-directorate posts as at 31 March 2023 and as at 31 March 2024 ..... **\$64.4m**

In addition, there will be an estimated three directorate posts as at 31 March 2023 and as at 31 March 2024.

**Commitment balance**..... **\$1,009.9m**

### Controlling Officer's Report

#### Programme

**University Grants Committee**

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

#### Detail

	2021–22 (Actual)	2022–23 (Original)	2022–23 (Revised)	<b>2023–24 (Estimate)</b>
Financial provision (\$m)	22,423.1	22,586.4	22,798.5 (+0.9%)	<b>23,134.2</b> (+1.5%)
				(or +2.4% on 2022–23 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 2021/22 and 2022/23 academic years and related performance measures are set out in the paragraphs below.

Triennial funding for UGC-funded universities

- With the Chief Executive-in-Council's approval of the recurrent funding totalling \$63,211.3 million for all UGC-funded universities in the 2022/23 to 2024/25 triennium (2022–25 triennium), provision of \$15,780.7 million and \$21,023.7 million have been earmarked in 2022–23 and 2023–24 respectively in accordance with the established methodology for determining the level of recurrent grants to the individual universities. The UGC also commenced advance preparatory work of the Planning Exercise for the 2025/26 to 2027/28 triennium (2025–28 triennium) in January 2023.

### 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 targeted priority area and selected by the respective UGC-funded universities receives a subsidy of no more than \$120,000 to offset the tuition fee. The fourth cohort (i.e. 2023/24 intake) of the Scheme covers 114 programmes with 1 000 fellowship places.

### 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 2022–25 triennium, the amount of TDLEG to the UGC-funded universities is increased by \$38.6 million to \$819.8 million in order to enhance the support for excellence in teaching and learning, with emphasis on virtual teaching and learning as well as inter-institutional collaboration.

### 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. It 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 audit visits of the third audit cycle, to be conducted virtually, are scheduled to take place beginning from March 2023.

### Research Funding and Research Assessment Exercise (RAE)

- 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 has 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 RAE is conducted usually every six years as 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. The UGC is planning for the next RAE in consultation with the sector.

### Review on the publicly-funded Research Postgraduate (RPg) places

- The UGC conducted a review on the supply of and demand for the RPg places and submitted the recommendations to the Chief Executive in May 2022. Subsequently, the Chief Executive-in-Council approved in November 2022 to gradually increase the number of publicly-funded RPg places by the 2024/25 academic year. The Panel on Education of the Legislative Council was consulted on the subject on 16 December 2022. The total number of publicly-funded RPg places will be increased from 5 595 in the 2022/23 academic year to 7 200 by the 2024/25 academic year. Additional recurrent provision, amounting to \$307.1 million in 2023–24 and \$816.3 million in full year from 2025–26 onwards, has been earmarked to meet the funding requirements for the increase.

### 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 (AoE) Scheme, 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 RPg programmes, providing steady support to the Research Impact Fund and augmenting support for RGC collaborative research funding schemes. The RGC launched the Strategic Topics Grant (STG) in August 2022 to support collaborative and interdisciplinary research at UGC-funded universities to address Hong Kong’s imminent challenges and seize the opportunities of the National 14th Five-Year Plan. Funding of \$150 million from the REF has been set aside for this new STG.

- 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 2023/24 academic year. As for the AoE Scheme, it seeks to build upon Hong Kong’s existing research strengths and develop them into areas of excellence. Starting from the 2022/23 exercise, the AoE Scheme was repositioned to primarily fund major projects outside the four standing themes and grand challenge topics of the TRS, and its funding parameters were aligned with the TRS. Additional funding has been deployed from the REF to implement the changes. As at end December 2022, a total of 30 projects had been approved in the first ten rounds of exercise.
- 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. As announced in the 2021 Policy Address, the RMGS will continue accepting applications from the eight UGC-funded universities and 13 local self-financing degree-awarding institutions till 31 July 2024, or until the remaining balance of the \$3-billion provision is exhausted, whichever is earlier.
- 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 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. Three exercises have been completed and results have been announced in April (for PDFS) and July (for RFS and SRFS) in the respective year of exercise.

Knowledge Sharing

- The UGC recognises the importance of sharing knowledge with society in bringing about socio-economic benefits and impact to the community and businesses, as well as to cultivate public appreciation for the valuable contributions of the higher education sector to society as a whole. Recurrent funding of \$71.9 million per year in the 2022–25 triennium has been earmarked for UGC-funded universities to further strengthen and broaden their endeavours, commensurate with their roles and missions.

University Accountability Agreements (UAAs)

- The UAAs enhances accountability and transparency of the UGC-funded sector by setting out the duties and responsibilities of individual universities in relation to public funding. With the commencement of the 2022–25 triennium, the UGC renewed the UAAs with all UGC-funded universities in May 2022 to state the strategic directions from the Government and the principles underpinning the allocation of funding in the 2022–25 triennium, as well as to provide an updated set of performance indicators.

Internationalisation and Engagement with the Mainland

- The number of non-local students pursuing UGC-funded taught programmes in the 2021/22 academic year was 13 378, representing about 14 per cent of total student enrolment. In 2019, the UGC allocated \$50 million to support UGC-funded universities in widening their internationalisation endeavours, promoting engagement with the Mainland and enhancing the learning experience of students. In view of the impact of the COVID-19 epidemic, the UGC has extended the funding period to facilitate universities in resuming such activities for broadening students’ horizon.

Publicity and Stakeholder Engagement

- The UGC, RGC and QAC continue to engage stakeholders in an open manner and promote public understanding of our work through appropriate channels and publicity activities. The UGC and RGC Annual Reports as well as the reports of QAC quality audits are made available for public access for transparency. The RGC has also conducted public lectures to introduce its work and activities.

Indicators

	Academic Year		
	2021/22 (Actual)	2022/23 (Revised Estimate)	2023/24 (Estimate)
<i>Recurrent subventions</i>			
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m).....	21,536.7	21,897.3	<b>22,357.0</b>
<b>TDLEG</b>			
amount of grants (\$m).....	260.4	273.3	<b>273.3</b>
grants for AoE research projects			
ongoing funded AoE projects monitored.....	10	12	<b>14</b>
amount of grants (\$m)#.....	95.5	100.0	<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>		
	2021–22 (Actual)	2022–23 (Revised Estimate)	<b>2023–24 (Estimate)</b>
<i>Capital subventions</i>			
capital grants			
capital works project applications processed .....	2	3	1
capital works projects approved by the Finance Committee (FC) .....	1	2	1
amount of capital commitments approved by the FC (\$m) .....	1,416.1	1,128.2	<b>835.1</b>
capital projects monitored .....	5	7	<b>8</b>
cost of ongoing capital projects monitored (\$m) .....	3,720.4	4,848.6	<b>5,683.7</b>
capital subventions in terms of cash flow requirement for the year (\$m).....	790.4	727.9	<b>1,305.7</b>
<i>Administration costs of UGC Secretariat</i>			
cost of administration as percentage of recurrent and capital grants administered (%).....	0.7	0.8	<b>1.0</b>
		<i>Academic Year</i>	
	2021/22 (Actual)¶	2022/23 (Revised Estimate)	<b>2023/24 (Estimate)</b>
<i>Student numbers of UGC-funded programmes</i>			
student numbers in terms of Full-Time Equivalent (FTE) studentsΨ			
undergraduate‡			
- approved .....	73 949	73 823	<b>73 985</b>
- over/(under)-enrolment.....	12 623	N.A.	N.A.
Sub-total .....	86 572	73 823	<b>73 985</b>
taught postgraduate			
- approved .....	1 877	1 864	<b>1 970</b>
- over/(under)-enrolment.....	87	N.A.	N.A.
Sub-total .....	1 964	1 864	<b>1 970</b>
RPg			
- approved .....	5 595	5 595	<b>6 400</b>
- over/(under)-enrolment.....	2 882	N.A.	N.A.
Sub-total .....	8 477	5 595	<b>6 400</b>
sub-degree			
- approved .....	2 961	1 636	<b>895</b>
- over/(under)-enrolment.....	(827)	N.A.	N.A.
Sub-total .....	2 134	1 636	<b>895</b>
Total			
- approved.....	84 382	82 917	<b>83 249</b>
- over/(under)-enrolment.....	14 765	N.A.	N.A.
	99 147	82 917	<b>83 249</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
sub-degree, undergraduate‡ and taught postgraduate			
- approved .....	78 787	77 322	<b>76 849</b>
- over/(under)-enrolment.....	11 883	N.A.	N.A.
Total .....	90 670	77 322	<b>76 849</b>
First-Year-First-Degree (FYFD) intakes (FTE)			
- approved .....	15 000	15 000	<b>15 000</b>
- over/(under)-admission.....	4 029	N.A.	N.A.
Total .....	19 029	15 000	<b>15 000</b>

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	<i>Academic Year</i>		
	2021/22 (Actual) <sup>¶</sup>	2022/23 (Revised Estimate)	<b>2023/24 (Estimate)</b>
Senior year undergraduate intakes (FTE)			
- <i>approved</i> .....	5 000	5 000	<b>5 000</b>
- <i>over/(under)-admission</i> .....	(166)	N.A.	N.A.
Total .....	4 834	5 000	<b>5 000</b>

¶ 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.

Ψ Figures could be in decimal figures and they are rounded to the nearest whole number for presentation purpose. Therefore, figures may not add up due to rounding.

‡ Including senior year undergraduate places.

### ***Matters Requiring Special Attention in 2023–24***

6 During 2023–24, the UGC will:

- continue to ensure smooth implementation of the 2022–25 triennium in accordance with the strategic directions;
- commence the Planning Exercise for the 2025–28 triennium;
- continue to take measures to encourage the UGC-funded universities to enhance the quality of teaching and learning;
- continue to conduct the QAC third audit cycle on the UGC-funded universities;
- continue to implement the competitive allocation of research funding as agreed with the UGC-funded universities and the local self-financing degree-awarding institutions;
- continue to take measures to encourage the UGC-funded universities to engage in knowledge sharing with society;
- 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, in particular through promotion activities targeting prospective non-local students outside Hong Kong as well as supporting universities to broaden local students' learning experience outside Hong Kong;
- plan for another RAE in consultation with the UGC-funded universities;
- continue to implement three regular RGC research fellowship schemes to attract and retain research talents;
- continue to operate the RMGS;
- administer the STG;
- continue to implement the Targeted Taught Postgraduate Programmes Fellowships Scheme;
- gradually increase the number of publicly-funded RPg places and allocate the additional places to drive the UGC-funded universities in aligning their research activities with the strategic priorities of Hong Kong; and
- continue to 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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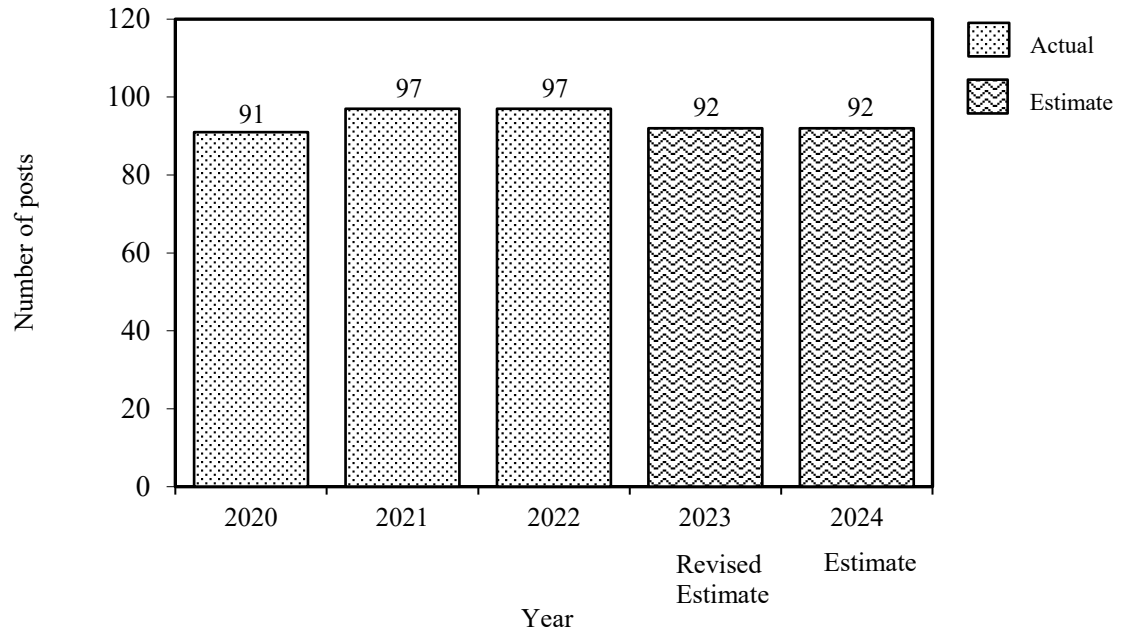
### ANALYSIS OF FINANCIAL PROVISION

Programme	2021–22 (Actual) (\$m)	2022–23 (Original) (\$m)	2022–23 (Revised) (\$m)	2023–24 (Estimate) (\$m)
University Grants Committee .....	22,423.1	22,586.4	22,798.5 (+0.9%)	23,134.2 (+1.5%)  (or +2.4% on 2022–23 Original)

#### Analysis of Financial and Staffing Provision

Provision for 2023–24 is \$335.7 million (1.5%) higher than the revised estimate for 2022–23. This is mainly due to higher level of recurrent grants provided to UGC-funded universities in 2023–24 with the increase in the number of publicly-funded RPg places.

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



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Sub-head (Code)	Actual expenditure 2021-22	Approved estimate 2022-23	Revised estimate 2022-23	<b>Estimate 2023-24</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses.....	21,538,632	21,651,429	22,046,545	<b>22,506,161</b>
	Total, Recurrent.....	<u>21,538,632</u>	<u>21,651,429</u>	<u>22,046,545</u>	<b><u>22,506,161</u></b>
Non-Recurrent					
700	General non-recurrent.....	884,446	935,000	752,000	<b>628,000</b>
	Total, Non-Recurrent .....	<u>884,446</u>	<u>935,000</u>	<u>752,000</u>	<b><u>628,000</u></b>
	Total, Operating Account.....	22,423,078	22,586,429	22,798,545	<b>23,134,161</b>
<hr/>					
	Total Expenditure.....	<u>22,423,078</u>	<u>22,586,429</u>	<u>22,798,545</u>	<b><u>23,134,161</u></b>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2023–24 for the salaries and expenses of the University Grants Committee (UGC)-funded universities and the UGC Secretariat is \$23,134,161,000. This represents an increase of \$335,616,000 over the revised estimate for 2022–23 and \$711,083,000 over the actual expenditure in 2021–22.

#### *Operating Account*

#### Recurrent

**2** Provision of \$22,506,161,000 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 2023 will be 92 permanent posts. No change in establishment is expected in 2023–24. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2023–24, but the notional annual mid-point salary value of all such posts must not exceed \$64,437,000.

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

	2021–22 (Actual) (\$'000)	2022–23 (Original) (\$'000)	2022–23 (Revised) (\$'000)	<b>2023–24 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	58,185	61,700	62,940	<b>67,400</b>
- Allowances .....	2,144	3,441	3,100	<b>3,715</b>
- Job-related allowances.....	—	1	217	<b>217</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	258	220	200	<b>170</b>
- Civil Service Provident Fund contribution .....	3,915	4,660	5,160	<b>5,988</b>
Departmental Expenses				
- General departmental expenses .....	73,036	110,787	88,061	<b>107,112</b>
Other Charges				
- Honoraria for overseas members.....	21,235	21,294	21,108	<b>25,784</b>
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council .....	36	42,673	21,119	<b>55,916</b>
Subventions				
- Grants to UGC-funded universities.....	21,019,936	21,041,646	21,479,633	<b>21,866,025</b>
- Refund of Rates and Government Rent - UGC-funded universities .....	305,856	310,976	310,976	<b>319,803</b>
- Housing-related expenses other than Home Financing Scheme .....	54,031	54,031	54,031	<b>54,031</b>
	21,538,632	21,651,429	22,046,545	<b>22,506,161</b>

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2022	Revised estimated expenditure for 2022–23	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	2,057,874	438,000	504,126
	805	Targeted Taught Postgraduate Programmes Fellowships Scheme.....	570,760	180,000	120,000	270,760
	952	Global STEM Professorship Scheme .....	500,000	71,029	194,000	234,971
		Total.....	<u>4,070,760</u>	<u>2,308,903</u>	<u>752,000</u>	<u>1,009,857</u>