

Head 190 — UNIVERSITY GRANTS COMMITTEE

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

Estimate 2024–25 **\$23,986.8m**

Establishment ceiling 2024–25 (notional annual mid-point salary value) representing an estimated 89 non-directorate posts as at 31 March 2024 reducing by three posts to 86 posts as at 31 March 2025..... **\$63.5m**

In addition, there will be an estimated three directorate posts as at 31 March 2024 and as at 31 March 2025.

Commitment balance..... **\$295.0m**

Controlling Officer's Report

Programme

University Grants Committee

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

Detail

	2022–23 (Actual)	2023–24 (Original)	2023–24 (Revised)	2024–25 (Estimate)
Financial provision (\$m)	22,802.3	23,134.2	23,772.8 (+2.8%)	23,986.8 (+0.9%)
				(or +3.7% on 2023–24 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 internationalisation 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 2022/23 and 2023/24 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 \$21,023.7 million and \$21,118.8 million have been earmarked in 2023–24 and 2024–25 respectively in accordance with the established methodology for determining the level of recurrent grants to the individual universities. Preparation for commencement of the Planning Exercise for the 2025/26 to 2027/28 triennium (2025–28 triennium) is in progress.

Targeted Taught Postgraduate Programmes Fellowships Scheme

- The Targeted Taught Postgraduate Programmes Fellowships Scheme was launched on a pilot basis 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 fifth cohort (i.e. 2024/25 intake) of the Scheme covers 115 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 the 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. In June 2023, the UGC launched the Fund for Innovative Technology-in-Education with an allocation of \$100 million to support universities in harnessing innovative and breakthrough technologies to transform pedagogies and enrich student learning experiences.

Quality Assurance

- The QAC is tasked to assist the UGC in discharging its role in quality-related matters in respect of academic 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. For the third audit cycle covering academic programmes at all study levels, the QAC concluded the quality audits of two UGC-funded universities in 2023–24.

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 the UGC-funded universities. In consultation with the universities, the UGC has finalised and announced the Framework of RAE 2026. The UGC will continue engaging the universities in developing the implementation details of the exercise.

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

- As 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 total number of publicly-funded RPg places has been increased from 5 595 in the 2022/23 academic year to 6 400 in the 2023/24 academic year, and will be further increased to 7 200 in 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), Areas of Excellence (AoE) Scheme, the RGC Postdoctoral Fellowship Scheme (PDFS), the RGC Research Fellow Scheme (RFS) and the RGC Senior Research Fellow Scheme (SRFS), 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 and the Strategic Topics Grant (STG), 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 HKPFS aims to attract students of high calibre to pursue their Doctor of Philosophy studies in Hong Kong. As announced by the Chief Executive in the 2023 Policy Address, the quota of HKPFS will be increased gradually from 300 to 400 places per academic year. As such, 350 and 400 fellowships will be awarded in the 2024/25 and 2025/26 academic years respectively. As for the AoE Scheme, it seeks to build upon Hong Kong’s existing research strengths and develop them into areas of excellence. As at end December 2023, a total of 32 projects had been approved in the first 11 rounds of exercise.

- The Research Matching Grant Scheme (RMGS), launched in August 2019, is to incentivise the private sector to strengthen financial support for research and development (R&D), 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 PDFS, RFS and 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). While PDFS aims to encourage doctoral graduates in pursuing research careers in Hong Kong so as to ensure a supply of talent for R&D in Hong Kong, RFS and SRFS aim to provide sustained research support integrated with relief from teaching and administrative duties for outstanding academics with a view to facilitating them to dedicate their career to R&D as well as giving them the time and resources to nurture and train the next generation of local research talent for Hong Kong. Four exercises had been completed and results were announced in April (for PDFS) and July (for RFS and SRFS) in the respective years of exercise.

Knowledge Sharing with the Community

- The UGC encourages universities to share their knowledge with society as part of their institutional social responsibilities in order to bring about socio-economic benefits and impact to the community, 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 the UGC-funded universities to further strengthen and broaden their endeavours, and commensurate with their roles and missions.

University Accountability Agreements (UAAs)

- The UAAs enhance accountability and transparency of the UGC-funded sector by setting out the duties and responsibilities of individual universities in relation to public funding. The UGC renewed the UAAs for the 2022–25 triennium 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 undergraduate programmes in the 2022/23 academic year was 14 147, which was equivalent to about 19.2 per cent of the total number of approved local student places at undergraduate study level. The non-local students of UGC-funded taught programmes do not receive public funding and their number is accounted for separately from the UGC-funded local student places on over-enrolment basis. As announced in the 2023 Policy Address, the enrolment ceiling of non-local students for UGC-funded taught programmes would be doubled from currently a level equivalent to 20 per cent of approved local student places to 40 per cent starting from the 2024/25 academic year.
- Starting from the 2023/24 academic year, the UGC has committed an injection of an additional \$100 million into the Funding Scheme for Mainland and Global Engagement and Student Learning Experience in order to encourage universities to offer students with more exchange and learning opportunities outside Hong Kong, and to promote a diversified and inclusive international learning environment on campuses.

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		
	2022/23 (Actual)	2023/24 (Revised Estimate)	2024/25 (Estimate)
<i>Recurrent subventions</i>			
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m).....	21,962.0	23,010.2	23,652.5
TDLEG			
amount of grants (\$m).....	273.3	273.3	273.2
grants for AoE research projects			
ongoing funded AoE projects monitored.....	15	14	16
amount of grants (\$m)#.....	99.9	100.0	100.0

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>		
	2022–23 (Actual)	2023–24 (Revised Estimate)	2024–25 (Estimate)
<i>Capital subventions</i>			
capital grants			
capital works project applications processed	3	3	1
capital works projects approved by the Finance Committee (FC)	2	1	2
amount of capital commitments approved by the FC (\$m)	1,128.2	835.1	855.4
capital projects monitored	7	8	10
cost of ongoing capital projects monitored (\$m)	4,848.6	5,683.7	6,539.1
capital subventions in terms of cash flow requirement for the year (\$m).....	727.9	1,060.6	1,315.6
<i>Administration costs of UGC Secretariat</i>			
cost of administration as percentage of recurrent and capital grants administered (%).....	0.7	0.9	1.0
		<i>Academic Year</i>	
	2022/23 (Actual)¶	2023/24 (Revised Estimate)	2024/25 (Estimate)
<i>Student numbers of UGC-funded programmes</i>			
student numbers in terms of Full-Time Equivalent (FTE)			
studentsΨ			
undergraduate‡			
- approved local student places@.....	73 823	73 985	74 082
- over/(under)-enrolment.....	14 115	N.A.	N.A.
Sub-total	87 938	73 985	74 082
taught postgraduate			
- approved local student places@.....	1 864	1 970	2 065
- over/(under)-enrolment.....	34	N.A.	N.A.
Sub-total	1 898	1 970	2 065
RPg			
- approved student places@.....	5 595	6 400	7 200
- over/(under)-enrolment.....	3 228	N.A.	N.A.
Sub-total	8 823	6 400	7 200
sub-degree			
- approved local student places@.....	1 636	895	895
- over/(under)-enrolment.....	(126)	N.A.	N.A.
Sub-total	1 510	895	895
Total			
- approved student places@.....	82 917	83 249	84 242
- over/(under)-enrolment.....	17 252	N.A.	N.A.
	100 169	83 249	84 242
all taught programmes (i.e. sub-degree, undergraduate‡ and taught postgraduate)⊖			
- approved local student places@.....	77 322	76 849	77 042
- over/(under)-enrolment.....	14 024	N.A.	N.A.
Total	91 346	76 849	77 042
First-Year-First-Degree intakes (FTE)			
- approved local student places@.....	15 000	15 000	15 000
- over/(under)-admission.....	4 435	N.A.	N.A.
Total	19 435	15 000	15 000

	<i>Academic Year</i>		
	2022/23 (Actual) [¶]	2023/24 (Revised Estimate)	2024/25 (Estimate)
Senior year undergraduate intakes (FTE)			
- <i>approved local student places</i> [@]	5 000	5 000	5 000
- <i>over/(under)-admission</i>	64	N.A.	N.A.
Total	5 064	5 000	5 000

¶ The figures include both the approved student places 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 students for taught programmes who are accounted for outside of the approved local student places.

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.

@ Revised description of the previous indicator “approved” as from the 2024/25 academic year.

⊖ Revised description of the previous indicator “sub-degree, undergraduate and taught postgraduate” as from the 2024/25 academic year.

Matters Requiring Special Attention in 2024–25

6 During 2024–25, the UGC will:

- continue to ensure smooth implementation of the 2022–25 triennium in accordance with the strategic directions;
- conduct the Planning Exercise for the 2025–28 triennium and submit the UGC’s recommendations to the Government for consideration;
- continue to take measures to encourage the UGC-funded universities to enhance the quality of teaching and learning;
- continue to conduct the QAC’s 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 the community;
- continue to work with the UGC-funded universities to help ensure their continuing good financial governance and sound financial planning;
- support Hong Kong’s development into an international hub for post-secondary education by encouraging the UGC-funded universities to strengthen their pursuit of internationalisation and engagement with the Mainland, in particular through promotional 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 the implementation of RAE 2026 in consultation with the UGC-funded universities;
- continue to implement the three regular RGC research fellowship schemes to attract and retain research talents;
- continue to operate the RMGS;
- continue to administer the STG;
- continue to implement the Targeted Taught Postgraduate Programmes Fellowships Scheme;
- further 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;
- increase the HKPFS fellowship award places to attract more outstanding talents to study and conduct research in 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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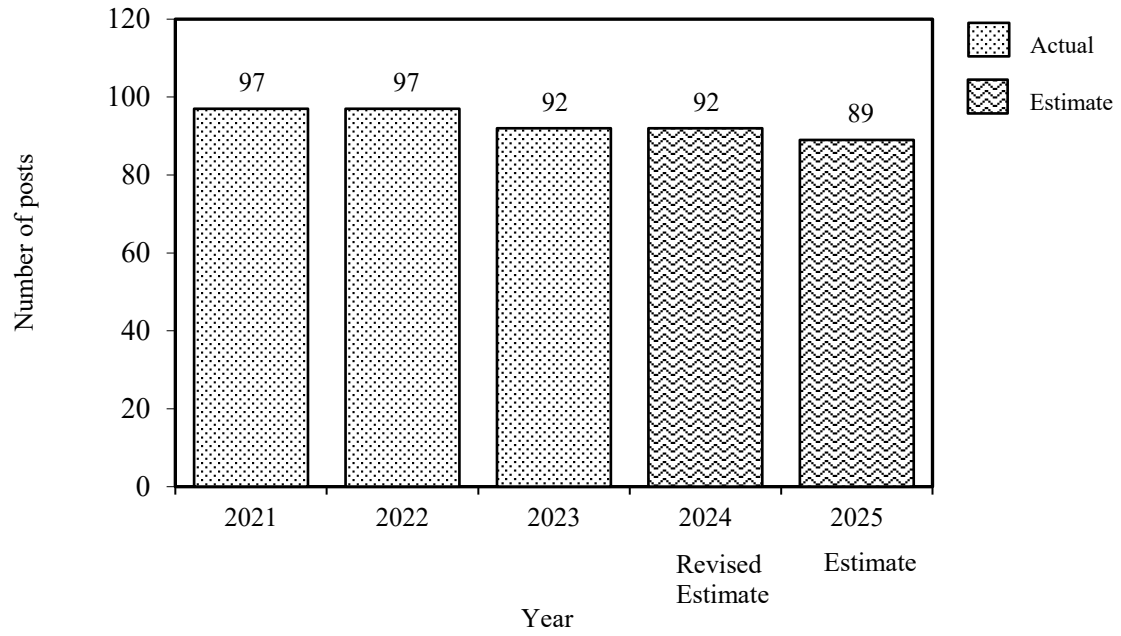
ANALYSIS OF FINANCIAL PROVISION

Programme	2022–23 (Actual) (\$m)	2023–24 (Original) (\$m)	2023–24 (Revised) (\$m)	2024–25 (Estimate) (\$m)
University Grants Committee	22,802.3	23,134.2	23,772.8 (+2.8%)	23,986.8 (+0.9%)
				(or +3.7% on 2023–24 Original)

Analysis of Financial and Staffing Provision

Provision for 2024–25 is \$214.0 million (0.9%) higher than the revised estimate for 2023–24. This is mainly due to higher level of recurrent grants provided to the UGC-funded universities in 2024–25 with the increase in the number of publicly-funded RPg places, partly offset by the decreased provision for the RMGS and a decrease of three posts.

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



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Sub-head (Code)	Actual expenditure 2022-23	Approved estimate 2023-24	Revised estimate 2023-24	Estimate 2024-25	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	21,978,615	22,506,161	23,129,630	23,781,828
	Total, Recurrent.....	<u>21,978,615</u>	<u>22,506,161</u>	<u>23,129,630</u>	<u>23,781,828</u>
Non-Recurrent					
700	General non-recurrent.....	823,642	628,000	643,206	204,943
	Total, Non-Recurrent	<u>823,642</u>	<u>628,000</u>	<u>643,206</u>	<u>204,943</u>
	Total, Operating Account.....	<u>22,802,257</u>	<u>23,134,161</u>	<u>23,772,836</u>	<u>23,986,771</u>
<hr/>					
	Total Expenditure.....	<u><u>22,802,257</u></u>	<u><u>23,134,161</u></u>	<u><u>23,772,836</u></u>	<u><u>23,986,771</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2024–25 for the salaries and expenses of the University Grants Committee (UGC)-funded universities and the UGC Secretariat is \$23,986,771,000. This represents an increase of \$213,935,000 over the revised estimate for 2023–24 and \$1,184,514,000 over the actual expenditure in 2022–23.

Operating Account

Recurrent

2 Provision of \$23,781,828,000 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 2024 will be 92 posts. It is expected that there will be a decrease of three posts in 2024–25. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2024–25, but the notional annual mid-point salary value of all such posts must not exceed \$63,508,000.

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

	2022–23 (Actual) (\$'000)	2023–24 (Original) (\$'000)	2023–24 (Revised) (\$'000)	2024–25 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	61,030	67,400	63,010	65,200
- Allowances	3,003	3,715	3,645	3,586
- Job-related allowances.....	12	217	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	170	170	170	170
- Civil Service Provident Fund contribution	4,973	5,988	5,700	5,879
Departmental Expenses				
- General departmental expenses	77,818	107,112	96,077	123,213
Other Charges				
- Honoraria for non-local members	19,729	25,784	25,040	28,835
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council	5,581	55,916	50,840	62,018
Subventions				
- Grants to UGC-funded universities	21,445,694	21,866,025	22,517,552	23,117,604
- Refund of Rates and Government Rent - UGC-funded universities	306,574	319,803	314,140	324,365
- Housing-related expenses other than Home Financing Scheme	54,031	54,031	53,455	50,957
	21,978,615	22,506,161	23,129,630	23,781,828

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2023	Revised estimated expenditure for 2023–24	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	803	Research Matching Grant Scheme.....	3,000,000	2,645,901	349,116	4,983
	805	Targeted Taught Postgraduate Programmes Fellowships Scheme.....	570,760	300,000	120,000	150,760
	952	Global STEM Professorship Scheme	500,000	186,643	174,090	139,267
		Total.....	<u>4,070,760</u>	<u>3,132,544</u>	<u>643,206</u>	<u>295,010</u>