

**Corporate governance and Headquarters administration of the English Schools Foundation**

**Action Plan of the English Schools Foundation in response to the Report of the Public Accounts Committee as at September 2006**

	<b>Recommendations of the PAC</b>	<b>Response from the ESF to the PAC</b>	<b>Action plan as prepared in May 2005</b>	<b>Responsible party</b>	<b>Forecast completion/ comments (Position as at September 2006)</b>	<b>Remarks</b>
I.	<b>Corporate governance</b>					
	a. To adopt measures to ensure that external members would constitute a majority at each of the respective meetings of the Foundation and the ExCom;	This was agreed and had formed the basis of the work of the Governance Force.	Agreed in principle by Foundation Meeting on 9 December 2004.		Review of Governance: Majority of external members would be required at Board Meetings and the ExCom would be abolished under the draft bill to amend the ESF Ordinance.	
	b. To issue reminders to the related organisations if the attendance rates of their representatives at Foundation meetings were low;	Agreed: reminder would be issued before Foundation meetings.	By June 2005.		Review of Governance: Members who did not attend would be deemed to have resigned under the new Regulation to be made.	
	c. To amend the Regulations of the ESF to the effect that ESF staff members of ExCom would abstain from voting on matters concerning ESF staff benefits at	To be considered by Governance Task Force.	Governance Reform Task Force to consider (b), (d) and (e) by April 2005 and to publish a	ExCom	Review of Governance: Board members would be required to declare any interest and not to vote on a matter in which they were	

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	<p>its meetings; and</p> <p>d. To consider repealing section 10(2) of the ESF Ordinance so that subsidiary legislation in the form of regulations made under the Ordinance was required to be published in the Gazette and tabled in the LegCo.</p>	<p>To be considered by Governance Task Force.</p>	<p>consultation paper by May 2005. Foundation to consider the reform in June 2005.</p>		<p>direct beneficiary under a Code of Conduct to be drawn up under the new Regulation.</p> <p>New Remuneration and Terms and Conditions Committee would not have staff members.</p> <p>Section 10(2) of the ESF Ordinance would be repealed. Future Regulations would have to be presented to LegCo.</p>	
2.	<p><b>Financial management</b></p> <p>To adopt a more prudent method of budgeting and avoid relying on bank overdraft.</p>	<p>The ESF had stated that no commercial organisation would deny itself access to credit which could help maximise value for shareholders.</p>				

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3.	<p><b>Staff remuneration and recruitment</b></p> <p>a. The ESF should take into consideration Audit's findings on the remuneration of the teaching staff of the seven largest private international schools, and immediately conduct a review of the remuneration packages of its senior staff with a view to ensuring that they were broadly in line with those of similar posts in other local educational organisations;</p> <p>b. The membership of the RSG should not be drawn from ESF's own teaching and non-teaching staff; and</p>	<p>The ESF had established an RSG to conduct a review of remuneration packages in local international schools and in countries from which the ESF recruited teaching staff.</p> <p>The ESF had stated that the remuneration packages of its senior staff:</p> <p>(a) had been reviewed by its Pay Review Body; and</p> <p>(b) would be within the purview of RSG.</p> <p>The ESF had stated that RSG's membership was agreed by ExCom and reflected the need for transparency for all stakeholders. ExCom would decide on pay levels.</p>	<p>Actioned (regarding the establishment of RSG)</p> <p>RSG to report in July 2005.</p>	<p>RSG/ExCom</p> <p>ExCom</p>	<p>With the remuneration review for teaching staff completed and implemented in November 2005, the review for the senior staff had started and would be completed as soon as possible.</p> <p>Membership of the Remuneration Committee would be made independent of the teaching and non-teaching staff, as would be specified in the new Regulation.</p>	

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	<p>c. The ESF should implement as soon as possible new remuneration packages on newly recruited teaching staff, and on existing teaching staff over a period of time, taking into account the effects of the new remuneration packages on their financial commitments.</p>	<p>To be considered by RSG.</p>	<p>Actioned.</p>	<p>RSG/ExCom</p>	<p>The new remuneration package was implemented in November 2005. It covered all newly recruited teaching staff and existing teaching staff with expiring contracts.</p> <p>The package would be implemented for the remaining teaching staff in November 2006 when their contracts would be due for renewal.</p>	
<p>4.</p>	<p><b>Staff housing and medical benefits</b></p> <p>The ESF should formulate a policy and a plan for disposing of its surplus staff quarters.</p>	<p>The ESF had stated that the ExCom of the Foundation would review carefully the audit recommendation in paragraph 5.31(a), having regard to the long-term needs of the ESF and the financial security conferred by the ownership of such fixed assets.</p>	<p>To submit a paper in respect of audit recommendations in paragraph 5.31(a) and (b) to ExCom by June 2005.</p>	<p>ExCom</p>	<p>The review would be conducted in 2007.</p>	