

For information

Legislative Council Panel on Education

Briefing on the Work of the University Grants Committee

PURPOSE

This paper briefs Members on the various areas of the work of the University Grants Committee (UGC).

BACKGROUND

2. Established in 1965, the UGC is a non-statutory, advisory body responsible for advising the Government on the strategic development and funding needs of its funded institutions¹. Acting as a “buffer” between the Government and its funded institutions, the Committee seeks to safeguard academic freedom and institutional autonomy on the one hand, while ensuring public accountability of the UGC and the institutions on the other. The Terms of Reference of the Committee is at **Annex A**.

3. At present, the UGC has 24 members (including the Chairman) comprising accomplished local and overseas academics, higher education administrators and eminent community leaders, who share the vision of promoting excellence in the higher education sector for the benefit of students and the wider community. All of them are appointed by the Chief Executive in their personal capacities to offer impartial expert advice. The UGC normally holds three rounds of meetings each year. The membership of the Committee (as at 1 January 2010) is at **Annex B**.

¹ There are currently eight higher education institutions funded through the UGC, *viz.* City University of Hong Kong (CityU); Hong Kong Baptist University (HKBU); Lingnan University (LU); The Chinese University of Hong Kong (CUHK); The Hong Kong Institute of Education (HKIEd); The Hong Kong Polytechnic University (PolyU); The Hong Kong University of Science and Technology (HKUST); and The University of Hong Kong (HKU).

THE WORK OF THE UGC

Funding for Institutions

Academic Planning and Recurrent Grant Cycle

4. The Administration and the UGC adopt a triennial planning cycle in determining the recurrent funding for the UGC-funded sector. Such triennial planning cycle, accepted by both the Administration and this Council, provides institutions with certainty of funding over a three year period, which is very helpful to their development. For each triennium, the UGC engages in a substantive process of discussion with the institutions on their Academic Development Proposals (ADPs) and student number targets – which both need to take account of Government manpower requirements. Subject to a predetermined Cash Limit from the Administration for the entire sector, the UGC will then make triennial funding recommendations to the Chief Executive, reflecting the student number targets and the approved ADPs as settled with the institutions. The recommendations, after deliberated upon within the Administration, will be put to the LegCo Panel on Education for consultation, and to the Finance Committee for endorsement of the financial implications.

Recurrent Grants for 2009-12 triennium

5. The total recurrent grant for the UGC-funded institutions approved for the 2009-12 triennium is \$34 billion. The bulk of this is disbursed to the institutions by way of a block grant in accordance with the UGC's established methodology² for assessing the resources required to meet the teaching and research requirements of each institution. Under the methodology, roughly 75% of the block grant is attributable to teaching, while the other 25% to research. The amount of block grants for the 2009-12 triennium and the 2008/09 student numbers of the eight institutions are tabulated at **Annex C** and **Annex D** respectively.

Capital Grants

6. The Administration provides fund for individual capital projects on a needs basis, worked out according to an agreed formula³. The capital works under the UGC umbrella have increased significantly in 2008/09, due to the

² Details of the said methodology are given vide Annex B to LC Paper No. CB(2)387/08-09(01) submitted to this Panel for its meeting on 8 December 2008.

³ The formula is known as the Kaiser formula and is a room use formula. The details can be found at <http://www.ugc.edu.hk/eng/doc/ugc/publication/other/2006/f06-13e.pdf>

need to provide more space by 2012 for the new fourth year of undergraduate students – more details provided in paragraph 23 below. The total number of ongoing capital works projects is now 29 (with a total estimated cost of about \$12.8 billion).

Research

7. In addition to the research element of the block grants (*as mentioned in paragraph 5 above*), the UGC also provides funding support for research through : an earmarked allocation to the RGC of about \$0.75 billion per year; provision of research postgraduate places, which will increase from 4 765 by 800, to 5 565 over the course of the triennium, at an annual cost of about \$1.4 billion; the Areas of Excellence Scheme of about \$80 million per year; and specific funding for knowledge transfer activities of \$50 million per year.

Research Endowment Fund (REF)

8. The \$18 billion REF was established last year to provide a steady flow of research funding for the institutions. The UGC is responsible for advising on the policies governing the operation, development and investment of the fund. Out of the \$18 billion, the investment income of at least \$14 billion will be used to replace, from the 2010/11 academic year onwards, the existing earmarked research grants distributed annually to the RGC, thus providing greater funding stability and certainty of funding to support institutions' research projects. In addition, the income from up to \$4 billion of the REF will be deployed to support theme-based research, on themes of a more long-term nature and strategically beneficial to the development of Hong Kong. These are currently being drawn up by a Steering Committee under Education Bureau.

Hong Kong PhD Fellowship Scheme

9. The UGC will earmark, among the 800 additional research postgraduate places to be provided to the sector in phases from the 2009/10 academic year onwards, about 400 for supporting a “Hong Kong PhD Fellowship Scheme” (to be administered by the RGC). This aims to attract the best and brightest students around the world – including from Hong Kong and irrespective of their country of origin and ethnic background – to pursue their PhD programmes in Hong Kong's institutions. By the application deadline, the RGC had received about 3 000 applications. Almost half of them are from

Mainland China, while about 5% are from Hong Kong. The rest are mainly from Pakistan (11.5%), India (4.2%), and Bangladesh (4.0%).

Greater Competitive Elements on Research Funding

10. Both the UGC and the institutions wish to increase the competitiveness of the various elements of research funding – and to improve the way we and the RGC administer the funds. We therefore have two significant reviews underway : one on the future of the Research Assessment Exercise (RAE); and the other on how to increase competitiveness/effectiveness of distribution of RPg places and funding.

11. As regards the future of the RAE, the UGC is now conducting a review on the methodology of assessing research quality and impact. The current RAE has served us well but we recognise that in its current form, it cannot distinguish well the “outstanding” from the “very good”. Since the RAE has a direct impact on a substantial amount of funding – the Research portion of the block grant – it is important to make it fit for purpose. Institutions have been fully consulted in the process. We started with a completely open mind – willing to do away with the RAE completely if a better alternative could be found. Views are now focusing on how to improve what we do. The review is expected to be completed in 2010 and will tie in with the Higher Education Review 2010 (*see paragraph 29 below*).

12. We are also conscious of the need to make best use of the 5 500 or so RPg places that are provided to the sector. Currently these are given out largely on an historical basis. We wish to make the allocation more based on results and on the quality of research work. Again we have been consulting institutions on the matter.

13. The funding for research comes from three main sources : the R portion (\$2.7 billion), RPg places (\$1.4 billion), and a grant to the RGC (\$750 million). The balance between these needs to be carefully weighed. Again the UGC, with institutions, is reviewing the balance.

14. We plan that all these threads will be tied together in a coherent package in 2010.

The Research Grants Council (RGC)

15. The RGC has been a major driver for the improvement in research performance over the last 19 years. It adopts the internationally tried and

tested “peer review” mechanism to assess research proposals from Principal Investigators and aims to fund only the best research ideas in Hong Kong. There are some 4 500 academics in the UGC funded institutions and each year about half – 2 300 – submit research proposals to the RGC. Only about 35% of these receive funding.

16. The RGC has four Panels covering all disciplines. It treats applied and “blue skies” research equally. Recently the RGC has sought to improve the way it deals with different disciplines, particularly the broad area of Humanities, Social Sciences and Business Studies. The RGC has set up a Business Studies Sub-Panel and will consider other improvements. We are expanding the number of overseas members, in order to ensure independent assessment. The RGC is also considering providing greater flexibility to encourage each Panel to devise procedures which best suit its needs.

Quality

17. The UGC attaches great importance to the quality of teaching and learning. Established as a semi-autonomous body under the UGC in 2007, the Quality Assurance Council (QAC) is responsible for assuring the quality of the UGC-funded institutions' educational provision (however funded) at first-degree level and above. It aims to assure that the institutions deliver quality teaching and learning, with due regard to institutions' autonomy and self-accrediting status.

18. QAC's quality audits provide a valuable opportunity for the institutions to reflect on their quality assurance mechanisms through (i) self-review, and (ii) a review by an independent audit panel comprising local and overseas academics, and local lay members. It has conducted three quality audits so far (*viz.* that on CUHK, HKBU and HKU) and published the Audit Reports in September 2008, September 2009 and November 2009 respectively. QAC will conduct four more audits in 2010, and the remaining one in 2011.

19. Apart from quality assurance, the UGC is also committed to enhancing teaching methods and the language proficiency of students. The UGC allocates Teaching Development Grants (TDGs) to UGC-funded institutions to encourage innovative approaches to teaching and enrich the learning environment. In the 2009/10 academic year, the UGC has earmarked a total sum of \$37.6 million for institutions as TDGs. Besides, institutions are also provided with Language Enhancement Grants (LEGs) to support their provision of language enhancement initiatives, including both English and Chinese. A total sum of \$112.4 million has been earmarked as LEGs in the 2009/10 academic year.

20. The UGC also implements a Common English Proficiency Assessment Scheme (CEPAS) to enhance students' awareness of the importance of English language proficiency. Under CEPAS, students will have their test fees for participating in the International English Language Testing System (IELTS) reimbursed if they agree to reflect their participation in the Scheme in their academic transcript. Almost 12 100 final year students have registered for IELTS under CEPAS in 2009/10.

Preparation for “3+3+4”

21. Preparation for the “3+3+4” is a key aspect of the UGC's work. The UGC maintains close liaison with the Administration and the UGC-funded institutions on various issues.

Provision of One-off Funding Support

22. The Government has set aside \$550 million for the eight UGC-funded institutions for “3+3+4” preparation. This is being used for early engagement of additional academic, professional and supporting staff to prepare for various changes and ensure smooth migration under the four-year undergraduate programme, as well as for development of the administrative systems *etc.* The UGC has so far released \$143 million to institutions and the remaining sum will be allocated over 2010/11 and 2011/12.

Capital Projects

23. The bulk of the capital projects necessary for “3+3+4” were submitted to and approved by LegCo during the 2008-09 session. Of the 16 projects approved (at a total estimated cost of \$9.5 billion), 10 were specifically for “3+3+4”. A list of the 12 “3+3+4” projects is at **Annex E**. The construction works for 11 projects have already commenced. All 12 projects are scheduled for completion before September 2012 but the timelines of one or two are very tight. There is some danger of slippage. The Chairman UGC has, in her regular meetings with Heads urged them personally to give attention to the projects and Heads are fully seized of the urgency. The UGC is monitoring progress and will ask institutions to consider the need for contingency plans in early 2010, having regard to the progress then.

Academic Development and “Double Cohort”

24. The Education Bureau, as the main coordinating body, is actively involved in various interface issues (e.g. admissions, entry requirements) arising from the transitioning to “3+3+4”. The UGC is also liaising with the Heads of institutions on a range of “3+3+4” issues, such as curricula development and the double cohort, as amplified below.

25. Recognising that the additional year should not be a simple add-on to the current three-year undergraduate curriculum, institutions are taking the opportunity to do a complete overhaul of the curriculum. The revised curriculum will incorporate new elements (e.g. inter-disciplinary or multi-disciplinary studies, all-round education, whole person development, outcome-based learning, *etc.*) and ensure their coherence. Some of the new elements are being phased in during 2009-12, so as to benefit existing students enrolling on three-year undergraduate curriculum. The UGC will continue to review with the institutions the progress in the preparation for “3+3+4”.

26. As regards the “double cohort”, to cater for the needs of the Form 7 and Senior Secondary 3 students entering into the undergraduate programmes at the same time, the number of First-Year-First-Degree (FYFD) places will double from 14 500 to 29 000 in 2012/13. These two groups of school-leavers will compete for a different set of 14 500 places and there should not be competition between them. But there are many operational issues for the institutions to deal with, such as : how to assess / interview so many students in a short time; time tabling; should students be on two separate tracks – or one “spine”; hostel allocation etc.

27. The UGC is sponsoring institutions to organise a series of 12 symposia to discuss various “3+3+4” issues to facilitate information and experience sharing among institutions and with key stakeholders outside the UGC sector – *i.e.* schools. So far, six symposia have been held, covering issues such as interface with the schools sector, admissions of students, and contents of the four year curriculum.

Education Services and Internationalisation

28. The 2009-10 Policy Address has announced the initiative further to develop education services to enhance Hong Kong’s status as the regional education hub. While not all initiatives in relation to the development of education services fall within UGC’s remit (e.g. the development of private universities), the Committee will fully support the initiative to promote

internationalisation. It is the common goal of the Administration, the UGC and the entire higher education sector to ensure that our graduates are globally competitive. The UGC believes that internationalisation will help diversify the local higher education sector, enhance cultural exchanges, and broaden the horizon of local students. With UGC's support, the Heads of Universities Committee organised a symposium titled "*Internationalisation of Higher Education in Hong Kong: Opportunities and Challenges*" in late-October 2009 to reflect on related issues on internationalisation. To take forward this important initiative, the UGC will continue to work closely with the Administration and UGC-funded institutions to attract more quality non-local students and deepen internationalisation.

Higher Education Review 2010

29. The UGC embarked on an important exercise in 2009 – the Higher Education Review 2010 - which is moving in full swing. The UGC would like the review to be fully informed by views from stakeholders. The Group established under UGC to take forward the Review has invited views from the public, and conducted in-depth discussions with a wide spectrum of stakeholders. The Group is now working on the report which will be submitted to the Administration in 2010. The report aims to assist the Administration and the public in reflecting on the purposes of higher education, perceived world trends, our vision and hence the strategies for Hong Kong's higher education system.

Improving the Operation of the UGC

30. The UGC has put much effort into enhancing its transparency and communication with its stakeholders including institutions' management, staff and students, legislators, the media, and the general public. This is being done through various channels such as regular meetings with Heads and Council Chairmen of institutions; "Getting to Know the UGC" sessions and briefings/meetings for institutional staff and students; regular media briefings; the UGC's annual publication; and the UGC website.

31. The UGC constantly reviews its work and strives for improvement. The Committee has reviewed its Notes on Procedures to streamline the long-established procedures. The Notes, which govern the Committee's relationship with the Administration and the institutions and set out the major operational/procedural elements of the interplay between the three, will be amended to enhance efficiency while safeguarding public accountability.

Other current issues

Grievance Procedures of Institutions

32. The Education Panel has discussed institutions' grievance procedures on a number of occasions. Of particular concern to Members is the nature and composition of the final level of appeal. The UGC agreed to do research into what might constitute "best practice" guidelines and to share those with institutions and encourage them to adopt key elements – if they were not present in their current guidelines.

33. The UGC Secretariat recently completed its research of the practices of ten reputable overseas institutions in different countries and set out our findings in relation to the procedures adopted by local institutions. In general our conclusion was that local institutions' procedures were quite comparable to best overseas practice – but did have two or three areas where improvements could be contemplated.

34. We recently shared these findings with institutions. Institutions were positive in considering reviewing their own procedures in the light of the findings. We are putting the results to the UGC meeting scheduled for 8 January 2010. Subject to the UGC's deliberations, we plan to provide a full paper to the Education Panel shortly.

HKIED

35. The Administration invited the UGC in August 2007 to provide expert advice on HKIED's *Development Blueprint*, which included among other things a proposal to re-position (and re-title) the Institute into a University for Education, and to diversify its programme offerings. The UGC published its findings and observations in a Review Report in February 2009. The Chief Executive in Council endorsed in June 2009 the giving of support (including earmarking additional student places) to HKIED so that it could develop into a multidisciplinary institution to best enhance teacher education and promote excellence in Hong Kong higher education sector, along the lines of the UGC recommendations.

36. HKIED submitted its detailed plans to introduce new disciplines, and research postgraduate programmes, to the UGC in summer 2009. The UGC set up two Groups to assess the plans, and sought the help of two overseas education experts in evaluating them. The Groups are meeting in early January 2010 to

evaluate the findings and the UGC will provide HKIED with its views as soon as is practicable.

CONCLUSION

37. The UGC works under its established terms of reference determined by the Government. While the value of its work should be judged by the stakeholders concerned, the UGC constantly takes the initiative to improve its work and welcomes suggestions for improvement from the Legislative Council and the wider community.

38. Members are invited to note the content of this paper.

UGC Secretariat
4 January 2010

Terms of Reference of the University Grants Committee

The University Grants Committee (UGC) is appointed by the Chief Executive of the HKSAR with the following terms of reference:

- (a) To keep under review in the light of the community's needs:–
 - (i) the facilities in Hong Kong for education in universities and such other institutions as may from time to time be designated by the Chief Executive;
 - (ii) such plans for development of such institutions as may be required from time to time;
 - (iii) the financial needs of education in such institutions; and
- (b) To advise the Government:–
 - (i) on the application of such funds as may be approved by the Legislature for education in such institutions; and
 - (ii) on such aspects of higher education which the Chief Executive may from time to time refer to the Committee.

Membership of the University Grants Committee
(as at 1 January 2010)

Chairman

The Hon CHA, May Lung Laura, GBS, JP Non-executive Deputy Chairman,
The Hongkong and Shanghai Banking Corporation
Limited, HK

Members (*in alphabetical order*)

Mrs CHAN WONG Shui, Pamela, BBS, JP Former Chief Executive,
Consumer Council, HK

Mr Edward CHENG Wai-sun, SBS, JP Deputy Chairman and Chief Executive,
USI Holdings Limited, HK

Professor Jack CHENG Chun-yiu Pro-Vice-Chancellor and Vice-President,
Professor of Orthopaedics and Traumatology,
The Chinese University of Hong Kong, HK

Professor Roland CHIN Tai-hong, JP Vice-President for Academic Affairs (Deputy to the
(*Chairman, Research Grants Council*) President), The Hong Kong University of Science
and Technology, HK

Mr Clifton CHIU Chi-cheong Chairman,
Harvester (Holdings) Co. Limited, HK

Professor CHUNG Yip-wah, BBS Professor of Material Science and Engineering,
Professor of Mechanical Engineering,
Northwestern University, USA

Professor Glyn DAVIS, AC Vice-Chancellor,
The University of Melbourne, Australia

Professor Willard FEE	Edward C. and Amy H. Sewall Professor of Otolaryngology/Head and Neck Surgery, Stanford University Medical Centre, USA
Professor Malcolm GRANT	President and Provost, University College London, UK
Professor Richard HO Yan-ki	Professor (Chair) of Finance, City University of Hong Kong, HK
Professor William KIRBY	T. M. Chang Professor of China Studies and Spangler Family Professor of Business Administration, Harvard University, USA
Mrs Stella LAU KUN Lai-kuen, JP	Headmistress, Diocesan Girls' School, HK
Sir Colin LUCAS	Chairman, The British Library, UK
Mr Tim LUI Tim-leung, BBS, JP	Partner, PricewaterhouseCoopers Limited, HK
Professor John Graham MALPAS	Pro Vice-Chancellor and Vice-President, The University of Hong Kong, HK
Professor John NILAND, AC	President Emeritus, University of New South Wales, Australia
Mr TAI Hay-lap, BBS, JP	Principal, Yan Oi Tong Tin Ka Ping Secondary School, HK
Professor Judy TSUI Lam Sin-lai	Associate Vice President, Dean, Faculty of Business, Director, Graduate School of Business, Chair Professor of Accounting, The Hong Kong Polytechnic University, HK

Professor WONG Yuk-shan, PhD,
FIBioI, BBS, JP

Vice-President for Administration and Business,
Professor of Biology, The Hong Kong University of
Science and Technology, HK

Professor YANG Fujia

Chancellor, The University of Nottingham, UK
President, The University of Nottingham Ningbo,
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Deputy Dean, School of International Studies,
Peking University, China

Ex-officio Member

Mr Philip CHEN Nan-lok, SBS, JP
(*Chairman, Quality Assurance
Council*)

Chairman,
John Swire & Sons (China) Limited, HK

**The Recurrent Block Grant for the UGC-funded Institutions
for the 2009/10 – 2011/12 Triennium**

	Academic year (July to June)			Triennium
	2009/10	2010/11	2011/12	Total
	<i>(in \$million)</i>			
(a) City University of Hong Kong	1,363.9	1,347.9	1,336.0	4,047.8
(b) Hong Kong Baptist University	647.4	640.0	634.2	1,921.6
(c) Lingnan University	287.3	281.2	278.3	846.8
(d) The Chinese University of Hong Kong	2,360.6	2,409.2	2,443.2	7,213.0
(e) The Hong Kong Institute of Education	520.0	520.2	508.7	1,548.9
(f) The Hong Kong Polytechnic University	1,837.1	1,823.0	1,826.9	5,487.0
(g) The Hong Kong University of Science and Technology	1,337.2	1,339.1	1,335.9	4,012.2
(h) The University of Hong Kong	2,313.6	2,352.1	2,389.1	7,054.8

Annex D

Student Enrolment of UGC-funded Programmes by Institution, Level of Study and Mode of Study for 2008/09

Level	Mode of study	CityU	HKBU	LU	CUHK	HKIEd	PolyU	HKUST	HKU	Total
<i>Sub-degree</i>	Full-time	994	-	-	-	328	3 067	-	-	4 389
	Part-time	16	-	-	-	1 717	985	-	-	2 718
	Sub-total	1 010	-	-	-	2 045	4 052	-	-	7 107
<i>Under-graduate</i>	Full-time	8 278	4 697	2 336	10 730	2 237	9 327	5 939	10 237	53 781
	Part-time	56	-	-	13	1 182	18	-	-	1 269
	Sub-total	8 334	4 697	2 336	10 743	3 419	9 345	5 939	10 237	55 050
<i>Taught Post-graduate</i>	Full-time	48	93	-	381	228	-	-	570	1 320
	Part-time	4	563	-	713	581	237	2	531	2 631
	Sub-total	52	656	-	1 094	809	237	2	1 101	3 951
<i>Research Post-graduate</i>	Full-time	458	213	43	1 512	-	505	974	1 674	5 379
	Part-time	30	30	7	95	-	45	67	306	580
	Sub-total	488	243	50	1 607	-	550	1 041	1 980	5 959
Total	Full-time	9 778	5 003	2 379	12 623	2 793	12 899	6 913	12 481	64 869
	Part-time	106	593	7	821	3 480	1 285	69	837	7 198
	Total	9 884	5 596	2 386	13 444	6 273	14 184	6 982	13 318	72 067

“3+3+4”-related Capital Works Projects of UGC-funded Institutions

Institution	Project Name	Approved Project Estimate in MOD prices (\$ million)
CityU	Academic and Administration Building ^a	888.5
HKBU	Baptist University Road Campus Development, Phase I ^b	425.5
LU	New Academic Block ^c	216.0
	New Student Hostel ^{a, c}	
PolyU	Phase 8 Development ^a	1,337.4
CUHK	An Integrated Teaching Building	176.0
	Centralized General Research Lab Complex (Block 1)	455.8
	Extension to the existing University Library	251.7
	Student Amenity Centre	206.5
HKUST	New Academic Building	668.5
	Extension to the existing Academic Building	116.1
HKU	Centennial Campus Phase I ^d	1,099.8
Total		5,841.8^e

Notes:

- a Apart from meeting the additional needs arising from “3+3+4” in 2012/13, the projects of CityU, LU (hostel) and PolyU also include provision for meeting their immediate shortfall and hence the project estimates are shown according to the proposals of the expanded scope.
- b The project was combined with Baptist University Road Campus Development Phase II project, which is for meeting the existing space shortfall, in October 2008. The total approved project estimate of the two phases is \$945.1m in MOD prices.
- c LU’s New Academic Block and New Student Hostel projects were combined in January 2008.
- d This project will be carried out at the same time with the Centennial

Campus Phase II project, which aims to relieve the existing space shortfall. The total approved estimate for the two projects is \$2,037.2m (in MOD prices).

- e The portion for those provisions for “3+3+4” purpose is \$4,948.2m in MOD prices.