

For discussion
on 11 July 2011

LEGCO PANEL ON EDUCATION

**Allocation of Research Funding and Undergraduate Student Places
by the University Grants Committee (UGC)**

Purpose

The purpose of this paper is to brief the Legislative Council Panel on Education on:

- (a) the package of measures to be introduced in allocating research funding to UGC-funded institutions with a view to promoting excellent research; and
- (b) the allocation of UGC-funded undergraduate places for the 2012-15 triennium.

(I) Allocation of Research Funding

Summary

2. The existing funding model for research in UGC institutions has not changed since 1994. The UGC has been in discussion since 2007 with Heads of UGC-funded institutions and academic staff, about the need to introduce more competition into research funding allocation. The institutions were informed of the new arrangements earlier this year and had expressed concerns in a few areas, including the pace and magnitude of the proposed changes. Similarly, delegations at the Education Panel meeting on 14 March 2011 also raised concerns on the adverse consequences of more competition in research, particularly the possible impact on the Humanities and Social Sciences (HSS) disciplines. In response to such concerns, the UGC made significant adjustments to the competitive arrangements and agreed to review such arrangements before the end of the 2012-15 triennium. The Heads of the eight UGC-funded institutions have now accepted UGC's revised package. We set out in the paragraphs below the full package of measures.

3. The revised package proposes that over a period of nine years, 12.5% (about \$1.35 billion) of the Block Grant (or half of the research portion) will be progressively awarded on a competitive basis by reference to the success of individual institutions in peer reviewed Research Grants Council's (RGC) funding schemes. Funding allocated to an institution will continue to be at the disposal of its Head of Institution to disburse as he/she thinks fit, as in the current case.

Need for Sound Allocation Mechanism

4. The UGC believes that two factors are crucial to excellent research: the quantum of research funding and an appropriate mechanism to allocate limited funding to the most promising and highest quality research.

5. Outstanding research drives innovation and contributes to society and the economy. All UGC-funded institutions have indicated that they aspire to be able to compete with the best in the world. Given finite resources, it is essential to allocate research funding in ways that drive excellence.

Broad Distribution of Research Funding at Present

6. Overall, the Government currently provides annual funding of \$4.9 billion for research through the UGC, as follows:

- (a) \$2.7 billion as the research portion of the Block Grant;
- (b) \$1.4 billion on research postgraduate places (in respect of teaching portion of the Block Grant); and
- (c) \$0.8 billion as RGC project funding.

The UGC has successfully lobbied the Government on the establishment of the Research Endowment Fund, which has increased annual RGC project funding by about \$200 million. In addition, with effect from 2011/12, annual project funding will increase by some \$200 million for the Theme-based Research Scheme. As a result, the UGC has secured an annual increase of at least \$400 million for research funding for institutions.

Research Postgraduate Places

7. There is general agreement among institutions that the allocation of research postgraduate places must be placed on competitive basis: currently almost all research postgraduate places are allocated on a historical basis. The UGC's intention is that within five years from 2012/13, 50% of all research postgraduate places will be allocated either through direct competition or by reference to other competitive schemes. Heads of Institutions have indicated support of such approach.

Research Portion of the Block Grant

8. The UGC considers that the current allocation of the research portion of the Block Grant does not adequately capture vitality in the system, nor reflect the true costs of carrying out research won through the RGC. The UGC sees a need to progressively award 12.5% of the Block Grant on a more competitive basis over a period of nine years. This will be done by reference to the success of individual institutions in peer reviewed RGC funding schemes. In so doing, Hong Kong will become more in line with other jurisdictions doing excellent research.

9. Institutions agreed that more competition would benefit our higher education sector, but were concerned about their ability to cope with the pace and the magnitude of this change. To address institutions' concerns, the UGC has modified its original plan to the following:

- (a) of the 25% of the Block Grant earmarked for research, half (i.e. 12.5%) will be allocated on a competitive basis over a period of nine years. Broadly speaking, the maximum variable funding an institution's management needs to take account of in the first year of the 2012-15 triennium is 1.3% of its Block Grant, the second year 2.6% and the third year 3.9%, even if the institution does not get any successful proposals from RGC;
- (b) the other half of the 25% (i.e. also 12.5%) of the Block Grant will continue to be distributed amongst the institutions with reference to the results of the Research Assessment Exercise; and
- (c) the UGC will review the elements of the scheme, including the pace of change, before the end of the first triennium (*i.e.* 2015) so that appropriate adjustments can be considered in a timely manner.

Humanities and Social Sciences (HSS)

10. To ensure that HSS research will have the potential to flourish, UGC will implement the following measures:

- (a) a premium will be introduced to the allocation of the research portion of the Block Grant for HSS;
- (b) additional funding of \$20 million per year will be provided to the RGC to improve its funding arrangements for HSS academics, through expansion in the scope and duration of the teaching relief grants, and the introduction of a new fellowship scheme for outstanding academics in HSS disciplines; and
- (c) indirect/on-costs for RGC projects will be implemented in such a way that 50% will be disbursed as Principal Investigator's costs and 50% as on-costs (both to be allocated directly to the institution concerned), as against the current arrangement of all as on-cost. This will be to the advantage of HSS projects which have smaller grants on average. HSS projects will get a larger share of indirect/on-costs under the new arrangement.

Early Career Scheme

11. The RGC plans to implement an Early Career Scheme with funding of up to \$100 million to ensure that more research funding will be provided to nurture junior/new academics, including those in HSS.

12. The aim of all these changes is that in the long term, institutions which undertake excellent research will be rewarded promptly and provided with adequate indirect/on-costs to undertake excellent research.

A New Research Assessment Exercise

13. At the request of institutions, the UGC will conduct a new Research Assessment Exercise within the 2012-15 triennium to sharpen the measurement of research inputs and outputs in order to form the basis for the distribution of the Research Portion of the Block Grant. The UGC will further consult the institutions on this matter.

14. To facilitate Members' reference, further details of the foregoing initiatives are set out in **Annex A**.

15. The UGC emphasizes that it does not favour one form of research over the other (e.g. basic research as against applied research; HSS as against non-HSS; small projects as against big projects). The only goal is to achieve excellence via competition.

(II) Allocation of Undergraduate Student Places for UGC-funded Institutions for the 2012-15 Triennium

16. The UGC conducts academic planning and recurrent grants assessment with its funded institutions on a triennial basis. The forthcoming funding period is 2012/13 to 2014/15 (the 2012-15 triennium). As in previous periods, the UGC requires institutions to submit Academic Development Proposals (ADPs) setting out their plans for the 2012-15 triennium.

Academic Development Proposals Exercise and Competitive Allocation

17. The exercise primarily focused on strategic issues and the performance of the institutions rather than a high level of detail of individual programme offerings. Given the finite number of publicly-funded student places, we need to have a mechanism to re-distribute places from time to time to facilitate institutions to stay competitive and be consistent with their role and fit-for-purpose. The mechanism also should allow institutions to review their discipline offerings: confirming current programmes, introducing new ones, and phasing-out obsolete ones. It must be stressed that the exercise is not to push institutions artificially to develop new programmes, or needlessly to slim or eliminate existing programmes. How the institutions wish to arrange their academic portfolio and offering is entirely a matter of institution autonomy.

18. As part of the ADP exercise, a small number of the First-Year-First-Degree (FYFD) places will be allocated through the Competitive Allocation Mechanism – a performance-based allocation mechanism adopted since the 2009-12 triennium. Under the mechanism, each institution needs to set aside 6%¹ of its FYFD places to a central pool, for subsequent possible re-distribution among institutions to reflect comparative merits among themselves as assessed against agreed criteria. In the process, institutions needed to strategically review their academic profile and identified and prioritised areas of programmes considered fit for slimming or expanding that would be conducive to enhancing and sharpening their role. The remaining bulk (i.e. 94%) of their FYFD places is unaffected.

¹ Lingnan University was required to set aside 4% of its FYFD places because of its “small size”. Separately, the competitive allocation mechanism was not applied to those academic programmes that were subject to the Administration’s manpower planning requirement.

19. The Competitive Allocation exercise primarily serves two purposes – (i) to encourage institutions to think through their whole institutional endeavour in a strategic manner, in particular their academic priorities; and (ii) to advance institutions' international competitiveness in line with their role, and the higher education sector as a whole. Places redistributed can also make room for accommodating institutions' proposals for new programmes.

The Assessment Process for the ADPs for the 2012-15 Triennium

20. The assessment of the ADPs was a fair, transparent and interactive exercise. During the planning stage for the 2012-15 triennium, the UGC consulted and agreed with institutions on the rules, evaluation criteria, procedure and principles of the exercise. The UGC also provided the institutions a clear set of guidelines for their preparation of the ADPs. A dedicated group comprising overseas academics and local lay members of the UGC was formed to evaluate the ADPs. All local academic members of the UGC were excluded from the evaluation process. The group also met with the senior management of each institution in April 2011, and made its recommendations for UGC's consideration. At its May meeting, the entire UGC membership, again without the attendance of the local academic members, deliberated the recommendations for each of the eight institutions.

21. All the ADPs submitted by the institutions were evaluated according to the four agreed broad evaluation criteria as follows –

- (a) Strategy – The institution has a strategy which enables it to deliver high quality and internationally competitive taught programmes which are consistent with its role; and which incorporates, where appropriate, collaboration with other institutions and the provision of any relevant self-financing activities.
- (b) Teaching & Learning – The institution provides teaching and learning opportunities which are effective in enabling students to achieve outcomes which: (i) attest to personal and intellectual development; (ii) match international standards for the award of degrees; (iii) prepare students for their careers, and (iv) meet the needs of Hong Kong.
- (c) Advanced Scholarship – The institution engages effectively in advanced scholarship appropriate to its role, and uses that scholarship to inform its undergraduate teaching and future research activity.

- (d) Community (including Culture and Businesses) – The institution has working relationships with the community that are appropriate to its role, which facilitate knowledge transfer and inform its teaching; and contributes to the transmission and preservation of cultural value.

Allocation of the Undergraduate Student Places for the 2012-15 Triennium

22. The UGC wrote to the institutions in June 2011 informing them the Committee's comments on their ADPs and the allocation of student places for the 2012-15 triennium. When allocating the undergraduate student places, the UGC has taken into account the Administration's policies and initiatives, as set out in **Annex B**.

Next Steps

23. Apart from specific manpower requirements set by the Administration in a number of disciplines, institutions have the autonomy to decide how to allocate their overall total student numbers across various programmes with respect to the UGC's advice on the numbers of student places. Currently, institutions are working out their internal allocation of places to individual programmes, and hence it is premature to disclose the student places allocated to each institution at this stage. The UGC will work out the funding requirements and submit its recommendations to the Administration later in the year, and will subsequently make a submission to the Legislative Council.

University Grants Committee Secretariat
July 2011

**Elaboration of UGC's Initiatives on
Introducing Greater Competitiveness in Allocating Research Funding**

Research Postgraduate Places

In 2011/12 there will be 5,595 research postgraduate places. In 2008/09, the allocation of all of the then 4,765 research postgraduate places was historically based, without any direct reference to performance, quality assessment or competition. This arrangement tends to favour established institutions with emphasis in research. The UGC and institutions have reached a consensus that genuine competition for research postgraduate places will allow them to flourish.

2. The greater competition in the allocation of research postgraduate places has two main characteristics:

- (a) it will be gradual, so that no institution might be destabilized in the process; and
- (b) competition will be multi-faceted, and based on assessments of success in research, such as peer reviews. This is considered appropriate given that in the UK, which operates a funding system similar to ours, almost all research postgraduate places are provided by various Research Councils in association with research grants. In the US, all research postgraduate places are associated with research funding obtained through competitive bidding. The intention is that research postgraduate places should best be allocated in association with peer-review mechanisms.

3. The UGC began to allocate research postgraduate places on a competitive basis during the 2009-12 triennium, starting with the 800 new research postgraduate places provided during the triennium. Other research postgraduate places will be gradually released for competition so that in five years from 2012/13, half of the total places (i.e. about 2,800 of some 5,600 places) will be allocated competitively. Two methods were introduced in 2009/10: a new PhD Fellowship Scheme of RGC, which allocates research postgraduate places based on the quality of applicants nominated by institutions (about 400 places to be so allocated by 2016/17); and institutions' success in obtaining peer-reviewed UGC and RGC-funded research projects (600 places to be so allocated by 2016/17).

4. Starting from 2012/13, the following three methods will be added to inform the distribution of places:

- (a) results in the latest Research Assessment Exercise (RAE) (600 places to be so allocated by 2016/17);
- (b) outcome-based evaluation of research postgraduate programmes (600 places to be so allocated by 2016/17); and
- (c) allocation by RGC (600 places to be so allocated by 2016/17). As a long term target, RGC intends to allocate most of these 600 places through the PhD Fellowship Scheme. Before then allocation will be by reference to institutions' success in peer-reviewed RGC-funded research projects.

Research Portion of the Block Grant

5. The bulk of UGC funding is provided to institutions in the form of a Block Grant. The Block Grant comprises two key components, about 75% for the teaching portion, and 25% for the research portion (at about \$2.7 billion).

6. The research portion of the Block Grant serves two main purposes:

- (a) to allow institutions to undertake some basic research, to follow its own ideas and to develop its own capability; and
- (b) to provide indirect/on-costs for project grants (such as academic and other supporting staff time, accommodation and equipment costs) obtained from the RGC.

7. The UGC plans to improve the mechanism for distributing the research portion of the Block Grant, as follows:

- (a) a new indirect/on-costs element will be created and expanded gradually within the research portion so that an increasing part of the research portion is awarded according to institutions' success in obtaining RGC Earmarked Research Grants; and
- (b) a further RAE will be conducted on a new and sharpened basis to assess comparative research strengths of institutions, to form the

basis of funding within the Research element of the Block Grant (see paragraphs 21 to 24 below).

The Basis to Establish a New Indirect/On-costs Element Slowly Building Up to 12.5% of the Block Grant for Distribution in Association with Institutions' Success in RGC Earmarked Research Grants

8. The reasons for establishing a new indirect/on-costs element within the research portion of the Block Grant are as follows:

- (a) this will bring Hong Kong in line with practices in other jurisdictions where excellent research is conducted; and
- (b) it is necessary to ensure that project grants disbursed by the RGC are fully funded in respect of their indirect/on-costs.

9. Our institutions have come a long way in conducting research since 1991/92. We have reached a stage where the funding model for research developed in the past needs to be reviewed and sharpened in order to follow the general research strengths of our institutions as compared with those of 20 years ago. The major reason behind the UGC's proposal to allocate progressively up to 12.5% of the Block Grant in association with institutions' success in RGC Earmarked Research Grants is benchmarking with other jurisdictions doing excellent research.

10. In the US, all research funding, whether through government or private sources, is project based and therefore competition driven: there is no such thing as a research portion of general funding. In the UK, about 50% of research funding comes from the Block Grant, and 50% from various Research Councils. (There is another significant element of peer reviewed research funding from charitable foundations.) In Hong Kong, the amount that is project driven (currently about \$800 million) is far less than the \$2.7 billion in the research portion of the Block Grant – driven by the RAE – and the \$1.4 billion allocated as RPg places. If 12.5% of the Block Grant is driven by project grants as proposed by the UGC, we would achieve a much better balance and bring Hong Kong more in line with international norms.

11. About \$800 million of project grants disbursed by the RGC depends on the research portion of the Block Grant for indirect/on-costs. The real costs – or full costs – of research include not only the direct costs (covering research assistants and supporting staff, consumables and some equipment) of carrying out research as provided in the form of RGC project grants, but also the indirect costs (notably the time of the Principal Investigator involved and

other elements such as accommodation, the use of equipment and facilities already in place, and other management and administrative costs).

12. Taking reference from the data derived from information on research funding in the UK², with adjustments taking into account the Hong Kong situation (e.g. higher salaries for Principal Investigators and lower salaries for research assistants in Hong Kong as compared with the UK), the total average indirect costs for projects in UGC funded institutions is estimated to be as high as 185% of the direct costs.

13. The UGC plans to award, over a period of nine years starting from 2012/13, 12.5% of the Block Grant (half of the research portion of the Block Grant or about \$1.35 billion) according to institutions' success in obtaining RGC Earmarked Research Grants. This is considered appropriate because as mentioned in paragraph 6(b) above, part of the research portion of the Block Grant is meant to cover indirect/on-costs for RGC projects. Currently, the research portion of the Block Grant is allocated to institutions without reference to the magnitude of project grants obtained by each institution from RGC. The change will build a direct correlation between the magnitude of RGC Earmarked Research Grants an institution obtains, and its share of the research portion on indirect/on-costs (i.e. the new indirect/on-costs element).

14. The long term consequences of not providing institutions with full – or close to full indirect/on-costs – can be serious, in that institutions which otherwise could conduct excellent research using RGC Earmarked Research Grants may be discouraged from doing so, or to do so, they need to use funding meant for other purposes (i.e. teaching funds) to subsidize the indirect/on-costs for such research projects. The RAE conducted in 2006 only measured (historical) research outputs, which do not always correlate with the magnitude of RGC grants. Further, the RAE can only be conducted at a frequency of once several years, given the need to avoid undue burden on institutions. It cannot reflect in a timely manner the dynamism of institutions and their changing success in obtaining RGC Earmarked Research Grants.

UGC's Measures to Ensure Smooth Implementation of the Indirect/on-costs Element

15. The UGC has consulted the institutions on several occasions, and has decided to implement a number of measures to address the institutions'

² We understand that the indirect costs structures of research projects in the US are similar to those in the UK. In the US research funding bodies tend to "negotiate" the level of indirect costs with institutions and hence they vary from institution to institution and body to body.

concerns, which are categorized as follows:

- (a) concerns relating to the magnitude and pace of change (paragraph 16 below);
- (b) concerns relating to HSS disciplines (paragraphs 17 to 20); and
- (c) concerns on the need to assess outputs of research (paragraphs 21-24).

The Pace and the Magnitude of Change

16. On institutions' ability to cope with the magnitude and pace of change, the UGC has decided to take the following measures:

- (a) regarding the change to award 12.5% of the Block Grant (about \$1.35 billion) on a more competitive basis as the new indirect/on-costs element of the research portion, the transition period has been lengthened from five years (as originally proposed) to nine years and tapered in the early years so that the pace of change will be more gradual. Broadly speaking, the maximum variable funding that an institution's management needs to take account of in the first year is 1.3% of its Block Grant, the second year 2.6% and the third year 3.9% (see sub-paragraph (b) below) – and losing such an amount would imply zero success under the RGC Earmarked Research Grants. Since zero success for any institution is extremely unlikely, the impact on institutions should be manageable.

Looking more long term, it is extremely unlikely that an institution would lose all the 12.5% in the ninth year or any subsequent year, as this implies that such institution would obtain zero grants under the RGC Earmarked Research Grants. The most important point is that by introducing greater competition in awarding research funding through the new indirect/on-costs element, institutions that perform better will be rewarded promptly and provided with adequate resources as indirect/on-costs to undertake excellent research;

- (b) the magnitude of change will be designed so that during the first triennium, only about 1.3% of the Block Grant will be added annually to the competitive indirect/on-costs element; 1.4% for the second triennium; and 1.5% for the third triennium;

- (c) the allocation mechanism in respect of the bulk of the Block Grant will be maintained. The allocation of the teaching portion (75% of the Block Grant) and half of the research portion (the Research and Professional Activities elements at 12.5% of the Block Grant) will remain unchanged, while the new indirect/on-costs element (at 12.5% of the Block Grant after nine years) will be awarded according to institutions' success in obtaining RGC Earmarked Research Grants projects. The entire Block Grant (including the indirect/on-costs element) will be allocated to Heads of Institutions, not Principal Investigators, and each Head will have full discretion to allocate such funding within his/her institution.

Finally, the UGC has agreed to conduct a review of the scheme before the end of the first triennium (i.e, before 2015, instead of before the end of the second triennium as originally proposed). Amongst other matters, the review will consider the pace of increase of the new indirect/on-costs element and assess how long the HSS premium mentioned in paragraph 19(a) below should last.

HSS Disciplines³

17. There are concerns from some institutions and stakeholders that HSS research will be adversely affected by UGC's proposal because HSS has a different paradigm in research:

- (a) HSS academics apply less frequently for project grants than other disciplines, and they tend to need research time more than resources; and
- (b) it would be fairer to assess HSS research by way of outputs (through the RAE) than inputs as measured by the RGC process.

18. In assessing these comments, one should bear in mind the fact that 50% of the research portion of the Block Grant will continue to be distributed according to the RAE, and each Head of Institution will have full discretion to allocate within his institution the new indirect/on-costs element as well as other parts of the Block Grant given to him/her (amongst others, to maintain a balance between HSS and non-HSS research as deemed desirable by the Head). Institutions should therefore be able to cope with the change and to maintain a desirable balance between research in HSS and non-HSS disciplines as the Head of Institution sees fit, given the gradual pace of change over nine years.

³ Business Studies are not included within HSS as they are under a separate Panel under the RGC.

19. Notwithstanding paragraph 18 above, the UGC is keen to facilitate improvement and excellence in research for all disciplines, including HSS. The UGC has therefore decided to take the following measures to ensure that excellent HSS research flourishes:

- (a) the UGC will implement a time-limited measure to set aside 18% of the new indirect/on-costs element in the research portion of the Block Grant as a dedicated pool for HSS to encourage more HSS academics to participate in RGC Earmarked Research Grants funding schemes.

While HSS academics account for some 34% of all academics in UGC-funded institutions, HSS' share in RGC Earmarked Research Grants projects in 2010/11 was 11.6% in terms of monetary grants, and 16.7% in terms of number of projects (The average cost of an HSS RGC project is 66% of a non-HSS RGC project). Without an HSS premium, HSS projects would take up about 14% of the total indirect/on-costs, given sub-paragraph (c) below. HSS participation in the RGC system is lower than "its share" of the academic staff community and the UGC considers it desirable to encourage more HSS participation in RGC grants by providing HSS with a "premium" during a transition period. This will ensure that the introduction of an indirect/on-costs element will not have the unintended effect of diminishing the importance of and investment in HSS research;

- (b) the UGC will also provide additional annual funding of \$20 million to the RGC starting from 2012/13 to allow it to improve its operation better to support HSS research, which generally has a greater demand for Principal Investigator's time (e.g. in the form of teaching relief) than other resources such as supporting staff, equipment and consumables. The RGC has agreed to use about \$10 million of the additional funding to extend the teaching relief grants attached to RGC's General Research Fund projects from four disciplines to all HSS disciplines, and to lengthen the minimum duration of such relief from 4 months to 6 months. The balance of \$10 million is for introducing a prestigious new fellowship scheme for outstanding academics of HSS disciplines; and

- (c) on implementation of indirect/on-costs, the data suggests that about 50% of the indirect/on-costs for RGC's projects in fact relates to Principal Investigator's costs (i.e. time spent on projects). The UGC will, starting from 2012/13, allocate the indirect/on-costs element on a 50/50 basis, so that 50% of the indirect costs will be allocated as Principal Investigator's costs, to be evenly allocated to each RGC Earmarked Research Grants project on the assumption that broadly speaking, the involvement of the Principal Investigator in each project is the same. The other 50% of indirect costs will be allocated as on-costs, in line with the amount of the project grant. As compared with the existing method of providing on-costs solely on the basis of the magnitude of project grants, this arrangement "favours" HSS disciplines, because their Earmarked Research Grant per project is generally considerably lower (about 66% of a non-HSS Earmarked Research Grants project), but they will get the same amount of Principal Investigator's cost per project as non-HSS projects.

20. As a related issue, the RGC plans to implement an Early Career Scheme to ensure that more research funding (up to \$100 million of new funding) will be provided to nurture junior new academics, and HSS disciplines will also benefit from the new scheme.

A New and Sharpened RAE to Inform Research Funding

21. Generally, research grant applications provide an up-to-date view, while research outputs (as measured by an RAE) are mainly based on historical performance, and do not reflect dynamism in the system. It is also relevant that past outputs are part of the evidence base for awards of future grants, and therefore research outputs are already part of the RGC peer review system. However, the UGC is aware of the imperfect capture of research outputs and current imbalance in applications/success between HSS and non-HSS disciplines in RGC Earmarked Research Grants. While these have been addressed above (see paragraphs 17 to 19), the UGC does acknowledge that there is a need to address research outputs in a well-defined and rigorous way.

22. The UGC has thus acceded to institutions' request to conduct a further RAE to inform the distribution of that part of the Research element which is not awarded in accordance with the institutions' success in RGC Earmarked Research Grants. This will proceed side by side with more competitive allocation of the research portion of the Block Grant through the indirect/on-costs element.

23. The UGC has decided that, as with other allocation methods advocated by the UGC, the new RAE must reward excellent research. The UGC will aim to differentiate as far as possible, realistic and achievable. Therefore, the new RAE needs to adopt a new allocation model based on an assessment of comparative research strengths; the research strengths and weaknesses in any institution will be measured and resources allocated to Heads of institutions on the basis of such strengths/weaknesses; and international standards of research excellence will be applied with international experts advising the UGC on the assessment of research.

24. The UGC and the institutions have agreed that it would be appropriate to conduct the coming RAE in 2014, taking into account the need for institutions to focus on implementation of “3+3+4” in the next couple of years. The UGC will consult the UGC-funded institutions and work with them towards this goal.

**Administration's Policy and Initiatives Considered by the UGC
in the Allocation of the Undergraduate Student Places**

When allocating the undergraduate places, the UGC has considered and taken into account the following Administration's policy and initiatives as set out in the Policy Address 2010-11 –

- (a) The student number target of the publicly-funded FYFD places will increase from the existing 14 620 to 15 000 per cohort of students in each year of the 2012-15 triennium (the number of places will increase to 30 000 for 2012/13 due to the double cohorts of students);
- (b) To provide more opportunities for the sub-degree graduates to articulate to the senior years of undergraduate study, the number of senior year undergraduate places will increase from the existing 3 974 to 8 000 per annum (i.e. 4 000 intakes) by phases starting from 2012/13. There will be a cumulative increase of 500, 1 000 and 2 013 additional senior year intakes in 2012/13, 2013/14 and 2014/15 respectively; and
- (c) For the 12 professional disciplines subject to specific manpower requirements, the number of undergraduate and senior year places allocated to some of them (specifically, the medical and allied health related disciplines) will be increased as according to the Administration's requests to meet community needs.