

## Head 190 — UNIVERSITY GRANTS COMMITTEE

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

**Estimate 2020–21** ..... **\$22,791.6m**

**Establishment ceiling 2020–21** (notional annual mid-point salary value) representing an estimated 88 non-directorate posts as at 31 March 2020 rising by six posts to 94 posts as at 31 March 2021 ..... **\$66.5m**

In addition, there will be an estimated three directorate posts as at 31 March 2020 and as at 31 March 2021.

**Commitment balance**..... **\$2,455.8m**

### Controlling Officer's Report

#### Programme

**University Grants Committee**

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

#### Detail

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	<b>2020–21 (Estimate)</b>
Financial provision (\$m)	22,888.6	22,500.7	44,691.4 (+98.6%)	<b>22,791.6</b> (–49.0%)
				(or +1.3% on 2019–20 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 reviews and initiatives to enhance teaching and learning, language proficiency, knowledge transfer and internationalisation have taken place as planned. Research activities are ongoing and developing.

5 The key achievements of the UGC in the 2018/19 and 2019/20 academic years and related performance measures are set out in the paragraphs below.

#### Funding for the 2019/20 to 2021/22 triennium

- The Chief Executive-in-Council approved on 11 December 2018 the UGC's recurrent funding recommendations at a total cost of \$60,467.1 million for the 2019/20 to 2021/22 triennium. The Panel on Education of the Legislative Council (LegCo) was consulted on the subject on 4 January 2019. The funding allocation has already taken into account price adjustments in accordance with the established mechanism and funding for the additional senior year undergraduate places compared to the 2016/17 to 2018/19 triennium. Provision of \$15,038.1 million and \$20,131.3 million have been earmarked in 2019–20 and 2020–21 respectively to meet the funding requirements of the UGC-funded universities in accordance with the established methodology for determining the level of recurrent grants to the individual universities.
- The UGC will kickstart the Planning Exercise for the 2022/23 to 2024/25 triennium in 2020–21.

### Targeted Taught Postgraduate Programmes Fellowships Scheme

- The Targeted Taught Postgraduate Programmes Fellowships Scheme is 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. The Scheme aims to incentivise meritorious local students to pursue further studies in the designated priority areas and encourage the UGC-funded universities to establish more innovative and multi-disciplinary programmes that are beneficial to society. The Scheme is expected to provide a maximum of 500 fellowships for the first cohort (i.e. the 2020/21 academic year) and 1 000 thereafter with a total non-recurrent funding of about \$570.8 million. The students are subsidised by the fellowships subject to a cap of \$120,000 (regardless of the actual study period and study mode) to offset the tuition fee.

### Teaching and Learning

- Over 75 per cent of the total Block Grant is for teaching. In the 2016/17 to 2018/19 triennium, the UGC allocated about \$178.9 million to support UGC-funded universities in taking forward 38 projects under the Funding Scheme for Teaching and Learning Related Proposals.
- Annual provision of the Teaching Development and Language Enhancement Grant (TDLEG) is allocated to UGC-funded universities for enhancing their teaching quality and language proficiency of their students. Comparing with the previous triennium, the amount of TDLEG in the 2019/20 to 2021/22 triennium has increased by \$268.4 million, to \$781.2 million, such that these universities may strengthen their efforts in continuing the projects funded by the previous funding schemes.

### 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. The QAC 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 QAC has completed a review of the previous rounds of quality audits and is in the process of formulating the audit framework for the third audit cycle.

### Research Funding and Research Assessment Exercise

- The Task Force on Review of Research Policy and Funding, set up under the UGC in October 2017, completed a holistic review on the existing research support strategy and the level and allocation mechanism of research funding for the higher education sector in Hong Kong. The Task Force submitted its final Review Report to the Government for consideration in September 2018 putting forth an array of recommendations. The Government accepted in full the recommendations put forward by the Task Force. The UGC is making good progress in taking forward the recommendations from the review, in particular the priority initiatives highlighted in the Chief Executive's 2018 Policy Address. The \$20 billion injection into the Research Endowment Fund (REF) had been placed with the Hong Kong Monetary Authority (HKMA) in September 2019 to generate investment income. Prior to receiving the annual return from the additional placement with the Exchange Fund by the HKMA, RGC will use existing resources to increase the research budgets (particularly those for the General Research Fund and Early Career Scheme) in the 2020/21 exercise.
- The Research Matching Grant Scheme commenced accepting applications from the eight UGC-funded universities and 13 local self-financing degree-awarding institutions from 1 August 2019 for a period of three years. Over the three-year operation period, donations / funding from non-government / non-public sectors secured by individual universities / institutions for research-related purposes are eligible for matching, with a view to incentivising the private sector to strengthen financial support for research and development by diversifying the funding sources for the higher education sector, and encouraging collaboration between the industries and the higher education sector in research and development.
- Arrangements have been made to launch the three new RGC research fellowship schemes, namely RGC Postdoctoral Fellowship Scheme (PDFS), RGC Research Fellow Scheme (RFS) and RGC Senior Research Fellow Scheme (SRFS) in the 2019/20 academic year. The debut calls for nominations of PDFS and RFS/SRFS were made in August and September 2019 respectively. The assessment of this first round of nominations will be conducted during the first half of 2020. The three new schemes will be run on a regular basis thereafter to benefit post-doctoral fellows (with a quota of 50 awards) as well as researchers at Associate Professor and 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.
- The Research Assessment Exercise (RAE) is part of the UGC's commitment to assess the research performance of UGC-funded universities. The UGC has been constantly engaging the universities and stakeholders in developing the implementation details of the exercise, including the canonical procedural guidelines for the exercise and development of the electronic system. After receipt of submissions made by the universities in late 2019, assessment by RAE panels will be conducted in 2020 and results announcement is scheduled for early 2021.

### 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 Scheme (AoE), 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, providing new 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 research postgraduate programmes, providing steady support to the Research Impact Fund (RIF) and augmenting support for RGC collaborative research schemes, including AoE.
- Under the HKPFS, which aims to attract students of high calibre to pursue their Doctor of Philosophy studies in Hong Kong, 250 fellowships would be awarded in the 2020/21 academic year, same as that for the 2019/20 academic year. As for the AoE, it seeks to build upon Hong Kong's existing research strengths and develop them into areas of excellence. As at end December 2019, a total of 24 projects had been approved in the first eight rounds of the exercise. The ninth call for the AoE was closed in January 2020 and the funding result will be announced in around December 2020.
- The Tuition Waiver Scheme for local students enrolled in UGC-funded research postgraduate programmes has been implemented since the 2018/19 academic year in which around 2 000 local students benefited from the Scheme.
- The RIF which aims to encourage more impactful research and foster more collaborative efforts with stakeholders beyond academia has been implemented in the 2018/19 academic year, for the first call of the scheme, 30 projects were approved.

### Knowledge Transfer

- The UGC recognises the importance of knowledge transfer in bringing about socio-economic benefits and impact to the community and businesses. Recurrent funding of \$68.5 million per year in the 2019/20 to 2021/22 triennium is being allocated to UGC-funded universities to further strengthen and broaden their endeavours, commensurate with their roles and missions.

### Matching Grant Scheme

- The Eighth Matching Grant Scheme with an allocation of \$2.5 billion was launched on 1 July 2019 to help publicly-funded post-secondary institutions tap more funding sources, improve the quality of education and foster a philanthropic culture. The Scheme operates from July 2019 to June 2022 and covers all publicly-funded post-secondary institutions, namely the eight UGC-funded universities, the Vocational Training Council and the Hong Kong Academy for Performing Arts.

### Institutional and Financial Governance of Universities

- Following the promulgation of a new set of cost allocation guidelines and an updated version of accounting and disclosure practices to UGC-funded universities in 2015, these universities have incorporated the new requirements of financial reporting in their accounting operations and systems. All such new requirements were fully complied with and reflected in the universities' financial statements in the 2018/19 academic year. The UGC will continue to work with universities to help ensure good financial governance.
- The UGC completed a review on the institutional governance of UGC-funded universities in 2015 which aims to identify good practices internationally in the governance of universities. As one of the initiatives arising from the review, the UGC signed University Accountability Agreements with the UGC-funded universities in June 2019 covering the 2019/20 to 2021/22 triennium to tie in the triennial funding cycle.

### Internationalisation and Non-local Students

- The number of non-local students pursuing UGC-funded taught programmes in the 2018/19 academic year was 11 703, representing about 13 per cent of total student enrolment. The UGC has launched a \$50 million funding scheme to support UGC-funded universities in widening their internationalisation endeavours and enhancing the learning experience of students in the 2019/20 to 2021/22 triennium.

### Hostel Development Fund

- The Hostel Development Fund was set up in 2018 to provide funding for the construction of student hostels by UGC-funded universities so as to fully address their anticipated shortfall in student hostel places by 2027. One-off grants totalling \$10,303.7 million were disbursed in full to the universities concerned in 2019.

### Openness and Transparency of UGC Activities

- The UGC, RGC and QAC continue to make their work more transparent and open. They strive to listen to views expressed by stakeholders and cultivate an appreciation of their roles and functions within the community. The UGC visits all eight universities from time to time to meet with their senior management, faculty members as well as students to enhance communication and listen directly to their views concerning the work of the UGC. The UGC and RGC Annual Reports as well as the reports of QAC quality audits are made available for public access. The RGC has also conducted public lectures to introduce its work and activities.

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### Indicators

	<i>Academic Year</i>		
	2018/19 (Actual)	2019/20 (Revised Estimate)	<b>2020/21 (Estimate)</b>
<i>Recurrent subventions</i>			
recurrent subventions (including block grants and various grants earmarked for specific purposes) (\$m) .....	19,919.5	21,041.3	<b>21,516.1</b>
Teaching Development and Language Enhancement Grant amount of grants (\$m) .....	171.0	260.4	<b>260.4</b>
grants for Areas of Excellence research projects ongoing funded Areas of Excellence projects monitored .....	14	12	<b>12</b>
amount of grants (\$m) .....	80.5	100.0	<b>100.0</b>
RIF amount of grants (\$m) .....	192.9#	75.0	<b>75.0</b>

# The figure in 2018/19 academic year refers to the allocation for the 2016/17 to 2018/19 triennium.

	<i>Financial Year</i>		
	2018–19 (Actual)	2019–20 (Revised Estimate)	<b>2020–21 (Estimate)</b>
<i>Capital subventions</i>			
capital grants			
capital works project applications processed .....	0	8	<b>1</b>
capital works projects approved by the Finance Committee (FC) of the LegCo .....	0	1	<b>3</b>
amount of capital commitments approved by the FC (\$m) .....	0	406.6	<b>2,578.0</b>
capital projects monitored .....	3	4	<b>4</b>
cost of ongoing capital projects monitored (\$m) .....	2,613.8	3,020.4	<b>3,154.8</b>
capital subventions in terms of cash flow requirement for the year (\$m) .....	289.8	125.0	<b>472.6</b>
<i>Administration costs of UGC Secretariat</i>			
cost of administration as percentage of recurrent and capital grants administered (%) .....	0.7	0.8	<b>1.2</b>

	<i>Academic Year</i>		
	2018/19 (Actual)	2019/20 (Revised Estimate)	<b>2020/21 (Estimate)¶</b>
<i>Student numbers of UGC-funded programmes</i>			
student numbers in terms of Full-Time Equivalent (FTE) students			
undergraduate‡ .....	85 368	86 185	<b>73 879</b>
taught postgraduate .....	2 003	2 005	<b>1 877</b>
research postgraduate .....	7 883	8 335	<b>5 595</b>
sub-degree .....	2 825	2 428	<b>2 961</b>
total .....	98 079	98 953	<b>84 312</b>
First-Year-First-Degree places (FTE) .....	18 367	18 362	<b>15 000</b>
senior year undergraduate intakes (FTE) .....	4 844	4 953	<b>5 000</b>

¶ The figures in this column refer to approved student number targets and do not assume any over-enrolment. In practice, universities do over-enroll, particularly to take in non-local students who are on top of the approved student number targets.

‡ Including senior year undergraduate places.

### *Matters Requiring Special Attention in 2020–21*

- 6 During 2020–21, the UGC will:
- continue to take measures to encourage the UGC-funded universities to enhance teaching quality;
  - prepare for 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, follow up on the recommendations of the Review of the RGC, implement the RAE 2020 as agreed with the UGC-funded universities and monitor the implementation of the Tuition Waiver Scheme for local students enrolled in UGC-funded research postgraduate programmes;
  - continue to take measures to encourage the UGC-funded universities to strengthen their endeavours in knowledge transfer;
  - continue to monitor the implementation of the recommendations in the report on *Governance in UGC-funded Higher Education Institutions in Hong Kong* to help ensure good institutional governance of the UGC-funded universities;
  - 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;
  - continue to implement the Eighth Matching Grant Scheme, the Research Matching Grant Scheme and three new regular fellowship schemes;
  - implement the Targeted Taught Postgraduate Programmes Fellowships Scheme; and
  - kickstart the Planning Exercise for the 2022/23 to 2024/25 triennium.

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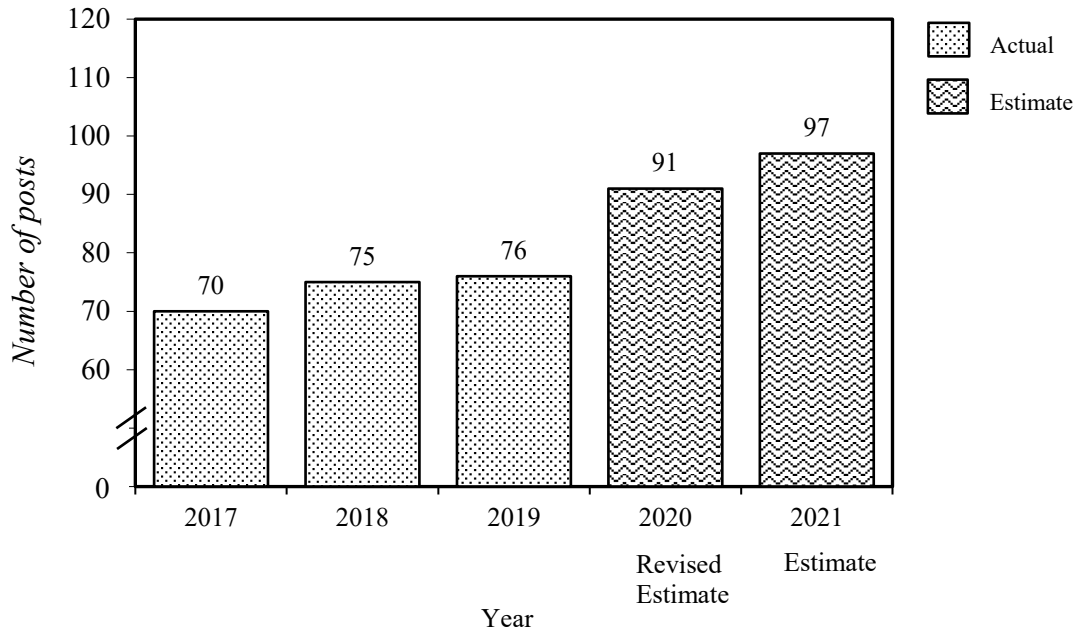
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2018–19 (Actual) (\$m)	2019–20 (Original) (\$m)	2019–20 (Revised) (\$m)	2020–21 (Estimate) (\$m)
University Grants Committee .....	22,888.6	22,500.7	44,691.4 (+98.6%)	22,791.6 (–49.0%)
				(or +1.3% on 2019–20 Original)

### Analysis of Financial and Staffing Provision

Provision for 2020–21 is \$21,899.8 million (49.0%) lower than the revised estimate for 2019–20. This is mainly due to the injection of \$20 billion to Research Endowment Fund and higher provision for the Eighth Matching Grant Scheme in 2019–20, partly offset by higher recurrent grants to UGC-funded universities in 2020–21. There will be an increase of six posts in the UGC Secretariat in 2020–21.

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



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Sub-head (Code)	Actual expenditure 2018–19	Approved estimate 2019–20	Revised estimate 2019–20	<b>Estimate 2020–21</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	19,818,646	20,300,710	21,076,431	<b>21,746,608</b>
	Total, Recurrent.....	<u>19,818,646</u>	<u>20,300,710</u>	<u>21,076,431</u>	<u><b>21,746,608</b></u>
Non-Recurrent					
700	General non-recurrent .....	3,070,000	2,200,000	23,615,000	<b>1,045,000</b>
	Total, Non-Recurrent.....	<u>3,070,000</u>	<u>2,200,000</u>	<u>23,615,000</u>	<u><b>1,045,000</b></u>
	Total, Operating Account .....	<u>22,888,646</u>	<u>22,500,710</u>	<u>44,691,431</u>	<u><b>22,791,608</b></u>
<hr/>					
	Total Expenditure .....	<u><u>22,888,646</u></u>	<u><u>22,500,710</u></u>	<u><u>44,691,431</u></u>	<u><u><b>22,791,608</b></u></u>



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### Details of Expenditure by Subhead

The estimate of the amount required in 2020–21 for the salaries and expenses of the University Grants Committee (UGC)-funded universities and the UGC Secretariat is \$22,791,608,000. This represents a decrease of \$21,899,823,000 against the revised estimate for 2019–20 and \$97,038,000 against the actual expenditure in 2018–19.

#### *Operating Account*

#### Recurrent

**2** Provision of \$21,746,608,000 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 2020 will be 91 permanent posts. It is expected that there will be an increase of six posts in 2020–21. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2020–21, but the notional annual mid-point salary value of all such posts must not exceed \$66,464,000.

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

	2018–19 (Actual) (\$'000)	2019–20 (Original) (\$'000)	2019–20 (Revised) (\$'000)	2020–21 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	48,115	65,228	58,750	71,025
- Allowances.....	1,516	1,932	2,221	2,188
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	173	163	242	224
- Civil Service Provident Fund contribution.....	1,868	3,904	3,152	4,900
Departmental Expenses				
- General departmental expenses .....	50,985	75,897	70,905	101,663
Other Charges				
- Honoraria for overseas members .....	14,092	18,156	16,814	42,140
- Meeting expenses of UGC, Research Grants Council and Quality Assurance Council.....	23,445	33,414	24,573	62,742
Subventions				
- Grants to UGC-funded universities .....	19,296,716	19,693,916	20,513,073	21,050,722
- Refund of Rates and Government Rent - UGC-funded universities .....	326,910	353,999	332,600	356,903
- Housing-related expenses other than Home Financing Scheme .....	54,826	54,100	54,100	54,100
	19,818,646	20,300,710	21,076,431	21,746,608

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2019	Revised estimated expenditure for 2019–20	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	801	Eighth Matching Grant Scheme .....	2,500,000	—	2,490,000	10,000
	803	Research Matching Grant Scheme .....	3,000,000	—	1,125,000	1,875,000
	805	Targeted Taught Postgraduate Programmes Fellowships Scheme <sup>□</sup> .....	570,760 <sup>□</sup>	—	—	570,760
		Total .....	<u>6,070,760</u>	<u>—</u>	<u>3,615,000</u>	<u>2,455,760</u>

□ This is a new item, funding for which is sought in the context of the Appropriation Bill 2020.