

# *Chapter 1 – Introduction*

## **University Grants Committee**

### *Terms of Reference*

1.1 The University Grants Committee of Hong Kong (UGC) is appointed by the Chief Executive of the HKSAR. Its main function is to offer impartial and expert advice to the Government on the funding and development of higher education in Hong Kong, and to provide assurance to the Government and the community on the standards and cost-effectiveness of the operations and activities of the UGC-funded institutions. The terms of reference of the UGC are:

- (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.

### *Brief History*

1.2 When the UGC was first established in 1965, the Committee was known as the University Grants Committee and was responsible for advising the Government on the development and funding of the then two institutions of higher education, namely The University of Hong Kong and The Chinese University of Hong Kong. It came into being as a result of suggestions, made by Members of the Legislative Council during the Budget Debate in 1964, that a committee similar to the British University Grants Committee should be set up in Hong Kong to advise the Government on the facilities, development and financial needs of the Universities. The Committee was formally appointed in October 1965, with principles and practices based on the British model. These principles have been adapted over the years to suit the needs of Hong Kong.

1.3 In 1972, the Committee was retitled the University and Polytechnic Grants Committee (UPGC), to reflect the inclusion of the then Hong Kong Polytechnic (now The Hong Kong Polytechnic University) within its purview. In 1983, the former Hong Kong Baptist College (now Hong Kong Baptist University) was brought within the ambit of the UPGC, followed in the next year by the then City Polytechnic of Hong Kong (now City University of Hong Kong) and in 1991, by The Hong Kong University of Science and Technology and a former post-secondary college, Lingnan College (now Lingnan University). Following the adoption of university titles by the two Polytechnics and the Hong Kong Baptist College, the Committee reverted to its previous title of University Grants Committee in November 1994. In 1996, the new Hong Kong Institute of Education, formed by the merger of the four existing teacher training colleges and the Institute of Language in Education, came under the remit of the UGC.

1.4 At present, there are eight institutions of higher education which are funded through the UGC - 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).

#### *Roles and Functions*

1.5 The UGC has neither statutory nor executive powers. Each of the higher education institutions is an autonomous body with its own Ordinance and Governing Council. The institutions have substantial freedom in the control of curricula and academic standards, the selection of staff and students, initiation and acceptance of research, and the internal allocation of resources. Nevertheless, because the institutions are largely supported by public funds, and in view of the social, cultural and economic importance of higher education, the Government and the community at large have a legitimate interest in the operation of the institutions to ensure that they are providing the highest possible standards of education in the most cost-effective manner. The UGC seeks to maintain an appropriate balance in these matters.

1.6 The UGC seeks to promote responsible understanding between the institutions, the Government and the community at large. It mediates interests between institutions and the Government. On the one hand, the UGC safeguards the academic freedom and institutional autonomy of the institutions, while on the other it ensures value for money for the taxpayers. The Committee has open channels to both the institutions and Government, since it offers advice to, and receives advice from, both.

1.7 The main function of the UGC is to allocate funding to its funded institutions, and to offer impartial expert advice to the Government on the strategic development and resource requirements of higher education in Hong Kong. Specifically, the Committee has to determine precise grant recommendations in the

light of indications of the level of funding that can be made available, overall student number targets by level of study and year to meet community needs as agreed with the Government, the breakdown of these numbers between institutions, as agreed in principle by the institutions. The Committee also provides the institutions with developmental and academic advice, having regard to international standards and practice. In respect of capital works projects, the UGC advises both institutions and the Government on campus development plans and proposals made by institutions, with a view to supporting their academic and overall development.

1.8 Under the aegis of the UGC are two semi-autonomous Councils : the Research Grants Council<sup>1</sup> (RGC) and the Quality Assurance Council (QAC). Brief descriptions of their roles are set out later in this chapter.

1.9 To facilitate the further development of Hong Kong's higher education sector, the UGC adopts a strategic approach by developing an interlocking system whereby the whole higher education sector is viewed as one force, with each institution fulfilling a unique role, based on its strengths. There is a need for the UGC to play a proactive role in strategic planning and policy development to advise and steer the higher education sector in satisfying the diverse needs of stakeholders. To fulfil this role, the UGC ensures that at system level, appropriate tools, mechanisms and incentives are in place to assist institutions to perform at an internationally competitive level in their respective roles. The UGC's mission statement is at **Annex 1A**.

1.10 Members of the UGC are appointed by the Chief Executive in their personal capacity and all are prominent in their fields. A good portion of them are accomplished academics and higher education administrators from outside Hong Kong. The rest are local members, comprising eminent community leaders and academics of high standing. No Government officer sits on the Committee, but its Secretariat is staffed by civil servants.

#### *Cycle of Meetings and Visits*

1.11 The Committee normally meets three times a year in Hong Kong, and is supported by several standing Sub-Committees and Groups. The UGC main meetings are normally held in January, April and August and each lasts for about one week. Ad hoc groups and panels will be convened according to the tasks at hand.

1.12 Members of the UGC and its sub-committees visit the institutions periodically to gain first-hand knowledge of developments on the ground. These visits help the Committee to assess the quality of the education and the effectiveness of the resource allocation system of each institution.

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<sup>1</sup> Apart from providing funding support to academic research projects through the RGC, the UGC has also established the "Areas of Excellence" Scheme to facilitate the formation of quality research consortia. The longer term funding provided for by the Scheme enables high calibre research teams to pursue high impact and forward looking projects.

## *Reports*

1.13 From 2009/10 onwards, the UGC publishes a report on its activities annually, i.e. its Annual Report to replace the annual publication “Facts and Figures”. The Annual Report is a bilingual public document distributed widely in the academic sector and is available on the internet. From time to time, the Committee submits reports to the Government on matters referred to it for advice.

## Research Grants Council

### *Introduction*

1.14 The Research Grants Council (RGC), which was established in 1991, operates under the aegis of the UGC. It advises the Government through the UGC on the needs of the institutions of higher education in academic research. It also approves applications for research grants, awards and other disbursements from funds made available by the Government through the UGC for research and monitors their implementation. The UGC Secretariat also serves as the Secretariat to the RGC.

### *Terms of Reference*

1.15 The terms of reference of the RGC are:

- (a) to advise the Government, through the UGC, on the needs of the institutions of higher education in Hong Kong in the field of academic research, including the identification of priority areas, in order that a research base adequate for the maintenance of academic vigour and pertinent to the needs of Hong Kong may be developed; and
- (b) to invite and receive, through the institutions of higher education, applications for research grants from academic staff and for the award of studentships and post-doctoral fellowships; to approve awards and other disbursements from funds made available by the Government through the UGC for research; to monitor the implementation of such grants and to report at least annually to the Government through the UGC.

### *Annual Report*

1.16 Each year, the RGC submits through the UGC an annual report on the work and allocation of research grants to the Government. The report is a bilingual, public document available on the internet.

### *Funding for Research*

1.17 Funding for the RGC is provided by the Government through the UGC in the form of Earmarked Research Grant (ERG) and other Government funds. In 2009, the Government established an \$18 billion Research Endowment Fund (REF). The investment income generated from at least \$14 billion of the principal will provide the bulk of funding, from the 2010/11 academic year onwards, to the ERG. The investment income from up to \$4 billion of the remaining portion of the principal will be used to support theme-based research.

1.18 The RGC's main objective is to fund as many worthy projects as possible across a broad front within the funds available. Projects of exceptional merit will be funded more fully than other projects. Academic quality/merit is the

major criterion in evaluating research projects. The ERG is currently disbursed in four main segments:

- (a) General Research Fund (GRF) – takes up the major proportion of the ERG which is disbursed in response to competitive bids submitted by the institutions for academic research projects.
- (b) Collaborative Research Fund (CRF) – main objectives are to encourage research groups to engage in collaborative research across disciplines and/or across institutions and to enable the acquisition of major research facilities or equipment.
- (c) Direct Allocation – mainly supports research projects carried out by junior faculty and newly recruited staff on a competitive basis.
- (d) Joint Research Schemes (JRS) – promote collaboration and exchanges with research bodies in the Mainland, i.e the National Natural Science Foundation of China; and overseas.

1.19 Apart from the ERG, a Theme-based Research Funding Scheme has been launched starting from 2010 to support theme-based research, thus allowing the institutions to work on research proposals on themes of a more long-term nature and strategically beneficial to the development of Hong Kong. In addition, the Government is separately providing \$20 million per year to the RGC until 2011-12 to promote public policy research in higher education institutions. The RGC has thus put in place the Public Policy Research funding scheme and the Strategic Public Policy Research funding scheme for projects of larger scale and longer duration.

1.20 Call circulars with application forms and detailed explanatory notes are issued to all UGC-funded institutions in advance of each funding scheme.

#### *Hong Kong PhD Fellowship Scheme*

1.21 In addition to the above research funding schemes, the RGC also established the Hong Kong PhD Fellowship Scheme in 2009. This Scheme aims at attracting the best and brightest students in the world, irrespective of their country of origin and ethnic background, to pursue their PhD studies in Hong Kong's institutions. The Fellowship provides a monthly stipend significantly higher than the standard stipend and a conference and research related travel allowance.

#### *Peer Review Mechanism*

1.22 Project proposals are assessed by peer review, which is generally applicable to all funding schemes under the RGC. The panel/sub-committee/sub-panel Chairmen determine the distribution of responsibilities among their members by subject disciplines. Members are requested to invite reviews from at least eight external reviewers for each proposal, mostly from overseas who are experts

in the related fields of the applications. For grading purpose, a minimum of two external reviews are required for the assessment. During the panel/sub-committee/sub-panel meetings, the members discuss and assess the comments from the external reviewers and the members responsible for a particular proposal in order to arrive at a panel/sub-committee/sub-panel's decision.

1.23 For the CRF, its Sub-Committee will, in addition, conduct selection interviews with the research teams of the shortlisted proposals before recommending selected projects for RGC's endorsement. The SPPR Sub-Panel follows similar procedures.

1.24 The RGC will provide the final rating, feedback and all open comments made by the external reviewers and the responsible panel/sub-committee/sub-panel members to both successful and unsuccessful applicants.

#### *Monitoring and Assessment of On-going projects*

1.25 Principal Investigators (PIs) are required to submit progress reports on all on-going projects through their institutions to the RGC for monitoring as set out in the 'Disbursement, Accounting and Monitoring Arrangements for Funding Schemes Administered by the RGC' issued by the UGC Secretariat. A subject panel/sub-committee/sub-panel member will monitor and assess the progress reports to ensure that projects are proceeding on schedule and that any problems identified are followed up.

#### *Assessment of Completed projects*

1.26 PIs are required to submit completion reports detailing the outcome of the research project, the results achieved, students trained and publications produced, as well as reporting on the use and application of the grant awarded through their institutions within a period of time after the scheduled completion date for the projects. These completion reports are passed to the responsible panel/sub-committee/sub-panel members for final evaluation. The comments in the final evaluation will be returned to the PIs concerned. Completed projects that have been rated "Unsatisfactory" and "Barely Satisfactory" are required to be discussed and endorsed by the relevant panel/sub-committee/sub-panel. Results of such assessments may be taken into account when assessing new grant applications from the same PIs.

#### *Copyright, Intellectual Property and Acknowledgements*

1.27 As a matter of policy, the UGC and RGC, will not claim copyright or other intellectual property rights in products developed as a result of the UGC or RGC grants. PIs of RGC-funded projects should acknowledge in publications or publicity materials the UGC or RGC funding support or the use of any specially UGC/RGC-funded equipment/facilities.

## Quality Assurance Council

### *Introduction*

1.28 The Quality Assurance Council (QAC) was established in 2007 under the aegis of the UGC as a semi-autonomous body. Its key role is to assist the UGC in assuring the quality of programmes, however funded, at first degree and above levels, offered in UGC-funded institutions is sustained and improved, and is at an internationally competitive level. The QAC is supported by a secretariat.

### *Terms of Reference*

1.29 The terms of reference of the QAC are:

- (a) to advise the UGC on quality assurance matters in the higher education sector in Hong Kong and other related matters as requested by the Committee;
- (b) to conduct audits and other reviews as requested by the UGC, and report on the quality assurance mechanisms and quality of the offerings of institutions;
- (c) to promote quality assurance in the higher education sector in Hong Kong; and
- (d) to facilitate the development and dissemination of good practices in quality assurance in higher education.

### *QAC Audits*

1.30 The QAC defines quality in terms of 'Fitness for Purpose'. A QAC audit is an audit of an institution's Fitness for Purpose in teaching and learning. The quality of student learning is the centrepiece of audit. Since student learning is the focal point of the audit system, audits examine all aspects of an institution's activities which contribute to student learning quality.

1.31 The QAC audits all UGC-funded institutions on roughly a 4-year cycle. The Council is assisted in its audit work by audit panels. A Register of Auditors has been set up comprising: senior academics from outside of Hong Kong with experience in external quality audit in higher education; local academics; and local lay members from the business and professional communities, from which audit panels are drawn. A member of the Secretariat with experience in quality assurance in higher education assists the panels as Audit Co-ordinator for each audit. His role is to guide the panel and the institution through all stages of the audit, ensuring that approved procedures are followed, and to draft the audit report.

### *Stages in a QAC Audit*

1.32 The QAC audit process comprises five stages:

- (a) Preparation: This includes, amongst other things, institutional self-review and preparation of the Institutional Submission.
- (b) Preliminary phase: This includes –
  - an Initial Meeting of the audit panel;
  - a Preliminary Visit to the institution to discuss the list of potential interviewees, the schedule of the Audit Visit, etc.; and
  - visits to locations outside Hong Kong (if any) to examine programmes offered there.
- (c) Audit Visit: The panel interviews staff, students and other stakeholders, studies documents, formulates findings, and makes a brief oral presentation of its views in general terms to the institution.
- (d) Reporting: Audit Reports include commendations, affirmations and recommendations, supported by detailed analysis and commentary. The report of the panel is submitted to the QAC for consideration, publication and transmission to the UGC. The final report is published in full.
- (e) Follow-up: The institution is required to submit a progress report on its responses to audit findings, particularly to affirmations and recommendations, within 18 months after publication of the audit report unless the UGC/QAC thinks otherwise.

1.33 Detailed information of QAC Audits is available in the Audit Manual published by the QAC. The Audit Manual describes the procedures of QAC Audits and guides both institutions and audit panels, and covers in depth all stages of the audit process.

## The Institutions

1.34 The eight higher education institutions funded through the UGC are statutorily autonomous corporations, each with its own Ordinance and Governing Council. They enjoy academic freedom and considerable institutional autonomy.

### *Institutional Autonomy*

1.35 Institutional autonomy is a complex term, and the degree of autonomy varies, but the essential point is that the institutions are legally entitled to freedom of action in managing their affairs within the restraints of the laws of Hong Kong. The claim for autonomy does not rest upon any assumption of special privileges, but upon the consideration (based on long experience) that the institutions can properly undertake the work expected of them by the community which supports them only if they have freedom of choice and of action. This does not exempt them from public interest and criticism, nor does it mean that their policies should not be under review by themselves, and by others.

1.36 The five main areas of institutional autonomy are:

(a) Selection of staff

The institutions have unfettered rights in the selection, promotion, and dismissal of their staff. In the case of appointment of the Head of the institution, however, the importance of the post is such that some degree of consultation with Government and community leaders is desirable and normal. Nevertheless, the institutions' Councils take the final decision, and make the formal appointment.

(b) Selection of students

Whatever may be the procedures for setting or controlling entrance examinations, or for setting total student number targets, or for setting student number intake targets, the institutions have unfettered rights in the selection or rejection of students presented as candidates for admission.

(c) Curricula and academic standards

The institutions will need to take into account the other developments and requirements in other fronts e.g. primary and secondary education, other further education facilities, requirements for practising certain professions, general or specific employment opportunities, etc. and these are areas in which the UGC and the Government also have interests. Moreover, some standards and qualifications can only be attained if appropriate finance is made available, and decisions may therefore be dependent on financial resources. Nevertheless, final decisions on their own curricula and standards rest with the institutions.

(d) Acceptance of research programmes

This includes the initiation of research programmes, subject to resources being available, as well as the acceptance of research proposed by others (for example, by the Government). In all cases, academic merit, the institution's role and community needs have to be given great weight but the institution is the only judge of whether its combined resources of people, accommodation, equipment and money can or should be deployed in the manner required.

(e) Allocation of funds within the institution

Apart from earmarked and indicated recurrent grants and earmarked capital grants, the institutions are free to allocate the funds available as they see fit. In practice, this freedom is considerably constrained by the fact that about three-quarters of institutional funds are committed to staff costs, which cannot easily or quickly be changed and that part of the remaining quarter is also committed for repairs, maintenance, services, supplies etc. Nevertheless, the institutions are free to make such changes as they can manage, to decide on specific allocations, to draw up budgets accordingly, and to change such budgets.

### *Roles and Missions*

1.37 The institutions are diverse in character and in their contributions to the educational, cultural and economic development of Hong Kong. The differential roles of the institutions reflect their varying origins and the way they have been and are responding to the complex and evolving needs of Hong Kong. In the 2003/04 academic year, the UGC worked with the eight institutions to review their role statements and to make them more distinctive. At the same time, the UGC published a document: "Hong Kong Higher Education: To Make a Difference, To Move with the Times" which set out that the UGC took a strategic approach to the higher education sector by developing an interlocking system, in which each institution fulfils a unique role. Thus the roles of each institution should be diversified both in teaching and research, whilst each institution should also seek international competitiveness in its defined teaching and research areas. The revised role statements, which describe the different types of strengths or functions predominating in each institution, are at **Annex 1B**.

1.38 As a formative exercise and to assist institutions to find constructive ways to further improve and encourage performance in role, the UGC introduced the Performance and Role-related Funding Scheme in the 2005/06-2007/08 triennium. This important undertaking ties together funding allocation, performance and performance against role. One of the outcomes has been a move to evaluate more comprehensively than in the past the outcomes expected of different programmes.

1.39 In addition to role, another important ingredient to achieving an interlocking system is enhanced collaboration among institutions. In March 2004,

the UGC published another important policy document, “Integration Matters”, outlining the UGC’s thinking in this area. Institutions are encouraged to commit to deep collaboration with other institutions to achieve synergy and critical mass for the whole sector. Institutional integration works best when driven by the parties themselves, and to generate sufficient momentum toward a new plane of activity, the UGC has established a Restructuring and Collaboration Fund.

1.40           A fuller discussion of this subject can be found in the Document: “Hong Kong Higher Education: To Make a Difference, To Move with the Times” at the UGC website: [www.ugc.edu.hk](http://www.ugc.edu.hk).