

UNIVERSITY ACCOUNTABILITY AGREEMENT 2019/20 – 2021/22 TRIENNIUM

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1. BACKGROUND, CONTEXT AND PURPOSE

1. The University Accountability Agreement (Agreement) is a formal agreement between The Chinese University of Hong Kong (CUHK) and the University Grants Committee (UGC) of Hong Kong. It serves to articulate the nature and substance of the relationship between the University and the UGC. Along with the dialogue, the Agreement forms a key element of the strategic framework underpinning this relationship.

2. This strategic dialogue is an important element in the action being taken by universities and by the UGC to strengthen the governance of publicly-funded higher education universities in Hong Kong and by such action to enhance their accountability. The Agreement reinforces the autonomous status of the universities by allowing them to articulate their individual missions, visions and strategic goals. The Agreement allows the UGC to be satisfied that the wider public interest is both recognised and met by CUHK, as well as providing assurance through high-level performance measures of a commitment to continuous quality improvement. For CUHK, the Agreement assures members of its governing body as well as its staff and students that the key elements are in place of the robust institutional governance which helps to guarantee CUHK's autonomy.

3. The Agreement reaffirms the funding to be provided to a university by the UGC, setting out those elements which collectively represent the single-line block grant from the UGC over the triennial funding period for the 2019/20 to 2021/22 triennium. It also sets out any conditions attached to such funding, as well as being a reminder that all universities are required to follow the UGC Notes on Procedures (NoP) and other guidelines as promulgated and updated by the UGC from time to time.

4. CUHK is also required to submit its teaching, learning and related processes to regular quality audit through the aegis of the Quality Assurance Council (QAC) and to submit to its research activity being assessed on a regular basis by the UGC. Specific outcomes and outputs from such periodic audit and assessment exercises are reflected as appropriate in the Agreement. The Agreement is not intended to replicate or replace such exercises.

5. By signing this Agreement, CUHK affirms that all funds received from the UGC will be used solely for the purposes for which they are intended. Such funds are provided in the expectation that CUHK will seek to achieve value for money and be economical, efficient and effective in its use of public funds.

6. The Agreement will be reviewed on an annual basis as part of the strategic dialogue between CUHK and the UGC. This annual review will consist of a check on progress towards targets and outcomes agreed over the timeframe of CUHK's strategic plan, which is aligned with the three-year span of the funding settlement from the UGC.

7. It is expected that the process of dialogue leading to the joint acceptance of the Agreement will mean that universities and the UGC will keep to its terms, both in spirit and in the letter. Where a university fails to do so without the prior agreement of the UGC, the UGC may decide on appropriate action having regard to the merits of individual cases to ensure that CUHK is made aware of the potential consequences of it continuing to act in such a way.

8. The Agreement is signed by both CUHK and the UGC as a public affirmation of the commitment of both parties to confirming and enhancing the global reputation of Hong Kong's higher education sector as a provider and enabler of teaching, research and related activity of the highest quality and of the greatest benefit to the people of Hong Kong.

2. HONG KONG FUNDING FRAMEWORK: KEY PRINCIPLES

9. For the funding triennium of 2019/20 to 2021/22, the Government has agreed to provide a total sum of recurrent grants of HK\$60,467.1 million¹ to the UGC based on a submission drawing on plans submitted by each university. Each plan has been subject to scrutiny and challenge by the UGC through a process of strategic dialogue with individual universities. This process respects the autonomy of a university and its unique nature, being based on an examination and discussion of the effectiveness of a university's strategy (as articulated in its strategic plan) in enabling it to advance its mission, vision and role, with reference to:

- i. The university's competitiveness in Hong Kong and internationally;
- ii. Collaboration within and outside the UGC sector;
- iii. Capacity-building in key areas such as internationalisation and knowledge transfer;
- iv. The development of the self-financing sector; and
- v. Its use of the outcomes of key exercises such as QAC audits and the Research Assessment Exercise (RAE) 2014 to influence its longer-term strategy.

10. The UGC and the Government are committed to the principle of funding being allocated to the eight publicly-funded universities on a three-year basis, with that funding consisting of a single-line block grant to each university. This approach is an explicit recognition of their autonomous status. On their part, universities accept that they have a duty to be openly accountable for their proper stewardship of funds, irrespective of their source, and of other resources at their disposal.

11. The UGC considers that competition drives excellence. Competition among universities for a proportion of funded places is therefore embedded in the UGC's overall approach as the process of competing for places requires a university to take a critical look at its activities and its contributions, particularly in relation to its role within the higher education sector in Hong Kong, regionally and internationally, as well as in addressing community needs.

12. While the principle of the single-line budgetary allocation is, as stated above, fundamental to the UGC's approach, the use of its funding is subject to certain conditions. For its part, CUHK accepts that:

- i. Co-teaching of UGC-funded and self-funded programmes is permitted, subject to there being in place a transparent and fair system for costing and for the subsequent transfer of funds and subject to adherence to the requirements for such a system being

¹ This figure includes a sum of HK\$1,323.6 million of recurrent grants to be allocated in the form of earmarked grants and funding. These include funding to be allocated for Areas of Excellence Scheme, Earmarked Research Grants, knowledge transfer and other centrally held provisions.

as set out in the “Cost Allocation Guidelines for UGC-funded and non-UGC funded Activities”;

- ii. There must be no cross-subsidy of UGC resources into supporting non-UGC funded activities;
- iii. “Mixed-mode” funding is not allowed where UGC-funded students might be charged a higher fee in order to subsidise lower fees for self-funded students;
- iv. Additional years for the second degree within dual/double undergraduate degree programmes must be self-financed, subject to certain exceptions for particular teacher education programmes;
- v. Sub-degree and taught postgraduate degree programmes should in general be self-financed;
- vi. Part-time undergraduate and part-time research postgraduate programmes are not eligible for public funding;
- vii. Admission of non-local students by over-enrolment is permitted, subject to conditions set out in the UGC NoP;
- viii. The consequences as prescribed in the NoP of under-enrolment of UGC-funded students;
- ix. Any proposed moves of programmes to a higher-weighting academic programme category require the agreement of the UGC, based on a strong case for the justification of such a move; and
- x. It should adhere to the 20% rule on the balance of the General and Development Reserve Fund for a funding period.

13. Specific details of the funding being provided by the UGC to CUHK are set out in Section Six of this Agreement.

3. INSTITUTIONAL MISSION AND VISION

14. For the UGC, it is important that the strategies adopted by universities are effective in enabling an institution to advance its mission through enhancing its competitiveness, strengthening its ability to build its capacity, enabling collaboration and using the outcomes of exercises such as the 2014 RAE as a key element in its future development.

Institutional Mission

15. To assist in the preservation, creation, application and dissemination of knowledge by teaching, research and public service in a comprehensive range of disciplines, thereby serving the needs and enhancing the well-being of the citizens of Hong Kong, China as a whole, and the wider world community.

Institutional Vision

16. To be acknowledged locally, nationally and internationally as a first-class comprehensive research university whose bilingual and multicultural dimensions of student education, scholarly output and contribution to the community consistently meet standards of excellence.

Strategic Priorities and Actions

17. High-level strategic priorities by CUHK over the timeframe of its strategic plan from 2016 to 2020 and more specific actions for the three year triennial funding period from 2019/20 to 2021/22 are:

Priorities: 2019 to 2020

18. CUHK identifies its high-level strategic priorities into three “Strategic Themes” and two “Enabling Strategies” which attest to CUHK’s commitment to achieve excellence through the core functions of creation, dissemination and exchange of knowledge, as well as the duty to engage stakeholders and the community.

- 1) **Education** - CUHK aims to enrich the learning experience for students as well as enhance their language proficiency to develop self-learning skills, lifelong learning commitment and competencies that will make them both innovative and entrepreneurial to flourish in – and contribute to – a globally competitive and rapidly changing environment, through using eLearning and innovative pedagogies, offering joint / dual degree programmes and providing quality continuing professional development programmes by the School of Continuing and Professional Studies (CUSCS).
- 2) **Research** - As a research-led university, CUHK shall continue to engage in cutting-edge research, especially in those interdisciplinary areas identified as CUHK’s strengths, not only to make an intellectual impact internationally but also to benefit humankind in addressing challenges and societal needs locally, regionally and globally, by building multidisciplinary teams in focused areas, teaming up with CUHK’s international strategic partners in creating a new research landscape, and fostering university-industry partnerships proactively to bridge discovery with delivery.
- 3) **Engagement** - Through engagement with the stakeholders, alumni and the public, CUHK will better articulate, develop and communicate an identity consistent with CUHK’s visions in order to facilitate the community in understanding CUHK’s goals and recognising CUHK’s achievements. Through leveraging the experiential learning and general education opportunities provided by the Colleges and I•CARE programme for whole-person development, CUHK will continuously cultivate the humanistic and moral character in students and strengthen their emotional resilience.
- 4) **Resources** - In order to implement the three strategic themes above, CUHK shall continue to develop an enabling environment in which CUHK’s human, financial and physical resources are appropriately allocated and deployed to help CUHK attain sustainable excellence in teaching, research and knowledge exchange.
- 5) **Infrastructure** - CUHK aims to maintain a world-class infrastructure that supports CUHK’s academic endeavours in an information age, through enhancing campus infrastructure and facilities, using space more efficiently, reinforcing IT governance and IT infrastructure etc.

Actions: 2019/20 to 2021/22

19. CUHK will be taking actions to implement the five strategic themes and enabling strategies of CUHK's strategic plan during the 2019-22 triennium as follows.

1) **Education –**

CUHK has encouraged the use of eLearning and innovative pedagogies to enhance critical thinking and self-learning skills to nurture students as lifelong learners and global leaders. A Task Force on eLearning is in place to spearhead eLearning development across all Faculties.

Throughout the years CUHK has endeavoured to provide a wide variety of programmes to meet the changing needs of society, and new programmes are introduced from time to time. The Entrepreneurship and Innovation Minor Programme was developed to capitalise on opportunities in the Mainland, particularly the Big Bay Area. A new LLM programme in Energy and Environmental Law has been launched with effect from 2018/19. CUHK has offered joint, including dual degree, programmes with the international strategic partners to increase students' exposure to a global network:

- a new dual LLB-JD degree programme jointly offered with The Dickson Poon School of Law of King's College London (KCL) with effect from 2018/19, will provide students with an opportunity to study towards an LLB degree awarded by KCL and a JD degree awarded by CUHK in four years. Students will be potentially qualified for admission to practise law in both England and Wales and in Hong Kong.
- To enhance the international visibility of the CUHK Business School, one dual-degree undergraduate programme and one dual-degree postgraduate programme will be established with leading overseas business schools, including a few European business schools.

With the mission of providing quality continuing professional development programmes and services to meet the changing needs of society, CUSCS has offered a diverse range of courses and programmes at different levels. CUSCS has recently purchased a new premise in Tsimshatsui and will relocate its headquarters and some learning facilities by the end of 2019, in response to the strategic development of CUHK.

2) **Research –**

As a comprehensive research university with a global vision, CUHK embraces internationalisation in its education and research, with a view to achieving excellence and gaining recognition for CUHK as a global leader. The Belt and Road (B&R) Initiative presents many opportunities for CUHK to further its internationalisation effort with institutions in the B&R regions, in particular, CUHK has set up the Global China Research Programme to lead the research effort on B&R.

Based on the assessment of our world-leading research excellence, CUHK has identified four major research areas, namely China Studies, Translational Biomedicine, Information and Automation Technology as well as Environment and Sustainability, that will address some of the most pressing issues facing humankind as CUHK's research priorities. These areas incorporate perspectives from the humanities and social science, with science and technology, to provide a comprehensive multidimensional approach to address multifaceted human and societal concerns.

CUHK further prioritises 16 cross-cutting themes in these four areas to focus CUHK's interdisciplinary research directions, providing investments to actuate emerging teams and to propel existing teams to reach the next level of excellence. To facilitate the translation from research to application, CUHK will strengthen the interface between research and knowledge transfer, and encourage academia-industry / community partnerships. CUHK supports innovation and entrepreneurship by creating more opportunities to help researchers collaborate globally, get better access to industries beyond Hong Kong, together with collaborators internationally and in the Mainland, particularly the Pearl River Delta region, and work closely with the Government and non-governmental sectors so that knowledge can benefit the society effectively and efficiently.

In view of the upcoming RAE in Hong Kong in 2020, CUHK has visited some universities in the United Kingdom to learn good practices on preparation for the RAE 2020 and will engage impact experts from the University of Exeter (UoE) to train CUHK personnel to develop impact cases, while CUHK staff will visit UoE to learn UoE review process of impact cases. Institutional infrastructure should be established to support impact development at the university and the faculty level.

3) **Engagement –**

CUHK has established partnerships with over 340 universities and institutions from around the world, ranging from teaching and research collaboration to faculty and student exchanges, and has joined a number of international associations to facilitate academic exchange.

CUHK attaches great importance in the B&R area and is committed to strengthening its engagement through organising and promoting different programmes and activities related to the B&R to the CUHK community, and thus has established a number of student exchange programmes with institutions in the B&R regions. With a view to further diversifying the student body, special effort will be allocated to strengthen and expand the enrolment of non-local students in the B&R regions. Outreach activities were arranged in Indonesia, Kazakhstan, Malaysia, Singapore, Thailand, Vietnam, etc. in the fourth quarter of 2017 and first quarter of 2018.

CUHK organised and participated in a joint-university outreach event sponsored by the UGC in Almaty and Astana, Kazakhstan, and coordinated another joint-university outreach event sponsored by the UGC in Thailand in September 2018. CUHK will also organise an International Guidance Counsellors' Conference at CUHK to be held in 2020 to serve as an international forum for student counsellors from 15-20 key countries and regions, mainly from the B&R regions. The event

will allow international school counsellors to meet staff and students, learn about CUHK's admissions requirements and procedures, tour the campus and experience the vibrancy of Hong Kong. With a better understanding of the education systems and various determinants of student aspirations and mobility in these countries and regions, CUHK will be able to develop and fine-tune its student recruitment policies to attract more B&R students to study at the University.

A Global Alumni Advisory Board (GAAB) has been established with a vision to engage the strong alumni network and to unite them to the 'CUHK Family'. The GAAB serves to (i) provide strategic advice and recommendations to the University; (ii) strengthen CUHK's international reputation; and (iii) pool resources and personal networks of the alumni for the advancement of CUHK. Twelve distinguished alumni from diverse sectors and locales have been identified as founding members of GAAB, and two board meetings will be held annually, during which the members will interact with senior management, Faculty members and students of the University, as well as offer advice on important issues and challenges the University is facing. The inaugural meeting has been held in April 2018 on CUHK campus.

In support of CUHK's internationalisation efforts to strengthen its international presence and to develop academic and research partnerships, a University Conference Centre has been established at the Cheng Yu Tung Building on the Shatin CUHK campus, which is next to our teaching hotel and adjacent to the University MTR Station, to facilitate internal teaching and research units to organise international academic conferences and to attract overseas scholars / professionals to visit the University. An International Conference Services Team has been set up to provide one-stop service to facilitate conference organisers and maximize utilisation of the conference facilities.

4) **Resources –**

CUHK has established the Risk Management Committee in order to guarantee and foster coherence and efficiency, and enhance high-quality delivery of the Strategic Plan 2016-2020, as well as proactively identifying and responding to reputational and financial risk. The Risk Management Policy and the Institutional Risk Register had been implemented in 2018.

CUHK has also established the IT Governance Committee to oversee development and maintenance of a strategic Information Technologies and Communication plan for an IT environment in support of the vision and mission of the University. Critical policies, guidelines and standards pertaining to the use of IT within CUHK will be implemented and reviewed from time to time. Minimum common standards and practices for CUHK, including but not limited to cybersecurity and web access will be developed.

5) **Infrastructure –**

With regard to infrastructure, the new five-year targets for a sustainability campus will be set for 2018 to 2023. In face of the rapid growth of CUHK and in support of its Strategic Plan 2016-2020, campus infrastructure and facilities will be enhanced in

order to support new University initiatives. A task force was formed to study the space utilisation of residence, guest houses and postgraduate halls in order to use space more efficiently to promote social and academic exchanges and to meet new teaching and research needs. In view of the need to supply quarters of smaller sizes for newly recruited junior faculty staff who in general have smaller families, a number of existing buildings have been identified for re-layout/re-development and building renovation projects are being carried out.

4. ACTIVITY DOMAINS AND PERFORMANCE MEASURES

20. A regular review of institutional performance is an important element of sound governance. It allows an institution to derive leverage from its strengths, while highlighting other areas where action on issues requiring attention might be taken to its longer-term advantage. It also allows an institution to demonstrate in its key areas of activity that it has taken note of those elements which are important in the future development of higher education in Hong Kong. For the UGC, these elements are in particular important:

- Quality of the student experience of teaching and learning
- Quality of research performance and of research postgraduate experience
- Knowledge transfer and wider engagement
- Enhanced internationalisation
- Financial health and institutional sustainability

21. The higher education sector is a major asset for Hong Kong, benefitting from a major investment of public funds each year. Measuring the overall performance of the sector provides a measure of sector-wide performance for public information, as well as strengthening both the public profile and reputation of the sector and its overall value to the community. Measurement of performance helps ensure public confidence in universities through enhancing their accountability. Measurement also allows the higher education sector to demonstrate that individual institutions are committed to continuous quality improvement in their individual circumstances, as well as high standards of governance and educational practice.

22. As far as is practicable, data for the performance measures is derived from existing institutional returns to the UGC, whether through Common Data Collection Format (CDCF) returns or other statistical returns, or from audited sources such as a university's annual financial statements. Where other sources are used, these sources are acknowledged in the introduction to each performance measure.

23. The UGC acknowledges in its NoP (Chapter 6 on Data Collection and Returns) that, "it requires information about the activities of the UGC-funded institutions for a variety of purposes, including assessment of recurrent and capital funding requirements, monitoring progress, advising on academic developments generally, monitoring progress and expenditure on RGC-funded research projects, reporting to the Government, the Legislature and the public. The data so collected also enables many ad hoc questions to be answered without further enquiry of the institutions".

4.1 The Quality of the Student Experience of Teaching and Learning

24. The core components of the performance measures in this activity domain are intended to demonstrate that an institution has effective strategies in place to deliver improvements in teaching quality, to enhance the effectiveness of the learning environment and to maximise student learning outcomes, particularly in relation to learning gain leading to appropriate employment or further study. The data for (1) and (2) under the sector-wide performance measures below are derived from a standard question in each university's student survey.

Sector-wide Performance Measures

- 1) Undergraduate satisfaction with the quality and value which they have gained from their teaching and learning experience
- 2) Undergraduate satisfaction with their overall learning environment
- 3) Undergraduate employment success rate
- 4) Employer satisfaction with graduates

Institution-specific Key Performance Indicators

- 1) Research opportunities for undergraduates in terms of courses offered and conference attendance
- 2) Whole-person development and learning opportunities in non-credit bearing activities or competitions
- 3) Student achievements including publications and awards received
- 4) Employability and further studies of graduates

4.2 The Quality of Research Performance and of Research Postgraduate Experience

25. Performance measures in this domain are intended to illustrate that an institution has strategies in place appropriate to its mission to encourage research and scholarship and which seek to improve the quality and volume of research outputs. The measures take account of factors such as research impact and measures in place to ensure positive learning outcomes for research postgraduate students, including equipping them for careers appropriate to their specialism.

Sector-wide Performance Measures

- 1) Percentage of research activities judged to be world leading or internationally excellent as assessed in the latest Research Assessment Exercise
- 2) Value of total research income
- 3) Average time-to-completion, graduation rate and employability of research postgraduates, allowing for disciplinary differences

Institution-specific Key Performance Indicators

- 1) Grants and awards obtained for inter-disciplinary collaborative projects
- 2) Academic impact and citations of University publications

- 3) Research experience of students through participation and presentations in international conferences
- 4) Student publications in academic journals / newspapers/magazines and conference

4.3 Knowledge Transfer and Wider Engagement

26. While acknowledging that quantitative performance measures in this domain are not yet sufficiently developed to reflect the full spectrum of institutional activities aimed at wider engagement with the community, the performance measures are intended to demonstrate in part how universities engage in knowledge transfer and in wider engagement with the community, defined as, “the systems and processes by which the knowledge, expertise and intellectually linked assets of universities are constructively applied beyond higher education for the wider benefit of the economy and society, through two-way engagement with business, the public sector (including the school sector), cultural and community partners”, with innovative, profitable, economic or social improvements being part of that benefit.

27. Knowledge transfer and wider engagement includes activities such as consultancies, collaborative research (with industrial, commercial or other non-higher education partners such as NGOs), contract research (undertaken for industrial, commercial or other non-higher education partners such as NGOs and creative or cultural organisations), continuing professional development (CPD), licensing, start-ups, spin-outs and public engagement. Such activities can loosely be categorised as: (i) the provision of research and business services (consultancy; collaborative research; contract research; and CPD); (ii) innovation (licensing; start-ups; and spin-outs); and (iii) public engagement (networking and public events; projects with a social or community benefit).

Sector-wide Performance Measures

- 1) (a) Total income from knowledge transfer via the provision of research and business services (i.e. collaborative research, contract research, consultancies, CPD)
- (b) Total income from knowledge transfer as innovative activity (i.e. income generating from intellectual property as defined in CDCF and from start-up companies)
- 2) Expenditure on public engagement activities (e.g. public lectures, performance arts, exhibitions and others as defined in CDCF)

Institution-specific Key Performance Indicators

- 1) Participation in knowledge transfer activities by academic staff members
- 2) Patent applications filed and licenses granted
- 3) Students’ participation in entrepreneurship and innovation activities
- 4) Contract research / consultancies undertaken and the income so generated

4.4 Enhanced Internationalisation

28. System-wide performance measures in this domain are designed to illustrate the impact of an institution’s development of a holistic approach to the growing importance of internationalisation to the higher education sector in Hong Kong. Such an approach might include the recruitment of students from overseas, exchange programmes involving Hong Kong students spending part of their course in an overseas institution and vice versa,

recruitment of staff from overseas, participation of staff in overseas conferences / exchanges, engagement with Mainland China, as well as the extent to which the student curriculum itself has embraced and embodied international perspectives.

Sector-wide Performance Measures

- 1) Non-local students (in each of: undergraduate; taught postgraduate; research postgraduate) as percentage of total student numbers
- 2) Non-local students broken down by regions (Asia, Europe, North America, South America, Oceania, Africa and others)
- 3) Percentage of Hong Kong undergraduate students with non-local university-approved formal or experiential learning experience
- 4) Percentage of research outputs with international research collaboration which has resulted in a joint publication cited in the Research Assessment Exercise process as of at least international quality

Institution-specific Key Performance Indicators

- 1) Number of non-local students enrolled in learning activities
- 2) Percentage of professoriate staff members who possess one or more international academic or professional qualification
- 3) Percentage of undergraduate students who have undertaken a non-local learning experience
- 4) Student satisfaction with international learning experience

4.5 Financial Health and Institutional Sustainability

29. Measures in this domain are designed to illustrate the strength of an institution's governance structures and their capacity to ensure the financial sustainability of the institution in the longer term. The elements forming the measures are drawn from the findings of the "Governance in UGC-funded Higher Education Institutions in Hong Kong" (Governance Report) published by the UGC in 2016, as well as from worldwide good practice in the wider sphere of commerce and government. Specific measures and indicators of enhanced governance in CUHK are detailed in the following Section Five on Governance and Institutional Management.

Sector-wide Performance Measures

- 1) Annual surplus as a percentage of total income
- 2) Subventions from UGC as a percentage of total income
- 3) Current ratio (i.e. current assets / current liabilities)
- 4) Coverage of university's expenditure by reserves and cash & cash equivalents (defined by Hong Kong Financial Reporting Standards):
 - (i)(a) Reserves / monthly expenditure = number of months that expenditure can be supported by reserves;
 - (i)(b) Liquid reserves / monthly expenditure = number of months that expenditure can be supported by liquid reserves; and
 - (ii) Cash & cash equivalents / monthly expenditure = number of months that expenditure can be supported by cash & cash equivalents

Institution-specific Key Performance Indicators

- 1) Academic expenditure over the University expenses
- 2) Net cash generated from operating activities
- 3) Investment in capital projects (other than staff cost commitments)
- 4) Spending on addition in fixed assets, premises and related expenses (excluding depreciation) as a percentage of cost of fixed assets

5. GOVERNANCE AND INSTITUTIONAL MANAGEMENT

30. Effective governance and institutional management is based on a clear understanding of the respective roles of the governing body, of the senate or academic board and of the senior management in an institution. Mutual respect for these differing roles is a keystone of a well-run university. To quote the UGC's Governance Report, "The governing body is responsible for oversight of the institution's activities, determining its future direction and fostering an environment in which the institutional mission is achieved and the potential of all learners is maximised". The president and the executive team are responsible for the management of the institution, both internally and externally, such that its mission is achieved and it benefits from teaching, learning and research of the highest quality. In short, the senior executive should not seek to determine those matters which are properly the concern of the governing body. Equally, the governing body should not become involved in the day-to-day executive management of the institution.

31. In many institutions worldwide, codes of good conduct or practice explicitly recognise this difference between the roles but also their mutual dependence, as well as the need to respect such difference. By highlighting the importance of all involved in institutional governance and management recognising their respective responsibilities, this Agreement seeks to reinforce the importance of differing roles being respected, either through a formal code of good practice or through explicit recognition by all concerned.

32. The UGC and the eight universities have worked together since the UGC published its Governance Report in March 2016. Action has been taken to implement recommendations in each of the following key areas in order to strengthen institutional governance and management.

- Recruitment, induction and continuing professional development of university council members
- Institutional strategy
- Management of risk
- Delegation of authority
- Periodic review of governance arrangements

33. CUHK has responded to the recommendations by taking the following actions:

5.1 Recruitment, Induction and Continuing Professional Development of University Council Members

34. The following induction and continuing professional development of CUHK are in place for the Council members:

- Courtesy visits to new Council members to brief them on the background and the latest development of CUHK;
- New Council members are encouraged to attend the Sector-wide Briefing Sessions for Council members organised by UGC;
- Full-day induction programme is arranged for new members (already held thrice since 2015);
- Full-day Council Away Day / Retreat with a series of presentations on strategic theme / development and in-depth discussion on a number of important issues selected from the agenda of the Council meeting held on the same day is organised annually for the purpose of continuing professional development of existing members; and
- All Council members undergo a self-evaluation based on a skills template survey on an annual basis, thereby enabling us to formulate a skills matrix to facilitate the identification of new members when a position falls vacant.

5.2 Institutional Strategy

35. The Council of CUHK is fully involved in the development of institutional strategies flowing from its overall mission and vision, as articulated in the CUHK Strategic Plan 2016-2020. One-day University Strategic Planning Workshop, with the implementation progress of the Strategic Plan as a topic to be covered, is organised annually. CUHK plans to kick-start the planning of the next Strategic Plan, possibly covering the period from 2020 to 2025 or 2028 to coincide with the UGC funding cycle, during the 2018/19 academic year.

5.3 Management of Risk

36. CUHK has put in place a risk management policy, agreed by its Council, which, underpinned by the risk management process, ensures a proper overview of strategic risks by the Council, including risk identification, assessment, mitigation and assurance. The Council's Audit Committee and Risk Management Committee, under the leadership of lay Council members, undertake periodic reviews of the effectiveness of the risk management process. Under the policy, risks are categorised into academic risks, financial risks and operational risks, with each area overseen by a senior University Officer, whilst the Vice-President (Administration) is designated as the Chief Risk Officer of the University.

37. In respect of risk management, the risk management policy and a template for the risk register are in place. The policy and the first Institutional Risk Register (IRR) were approved by the Council in the first half of 2018. The review of the IRR will be conducted annually.

5.4 Delegation of Authority

38. The Council of CUHK has from time to time reviewed its committee structure. The latest one took place in 2009 as part of the exercise in the reorganisation of the Council. In October 2016, the Council approved the reconstitution of the Executive Committee of the Council, which was first established in 2003, to ensure a comprehensive structure of

delegation is in place. Starting with the Council, there are currently 11 committees, each of which has a scheme of delegation. Each scheme sets out limits to authority, particularly in relation to expenditure and especially with regard to commercial or quasi-commercial activities, along with the framework for reporting and oversight of any use of delegated authority.

5.5 Periodic Review of Governance Arrangements

39. The Council of CUHK has approved the adoption of a “Code of Practice for Council Members” (the Code). The Code sets out the roles and responsibilities of the Council and key elements in the conduct of Council business. The Code also provides the basic values and principles with which CUHK has chosen to govern itself. The Code, together with the university governance arrangement, will be reviewed at least every three years to coincide with the planning cycle of CUHK as well as the UGC funding cycle, with reviews of specific areas of its activity being undertaken more frequently if needed.

40. In order to further enhance the university governance, the Council has established a “Whistle-blowing” policy and plans to conduct a “Council effectiveness review” within the triennial funding period of 2019/20 – 2021/22.

6. UGC FUNDING ALLOCATION TO THE CHINESE UNIVERSITY OF HONG KONG

41. As set out in the Provisional Allocation Letter “Recurrent Grants for the 2019/20 – 2021/22 Triennium” dated 8 April 2019, the recurrent grants to be provided to CUHK in the form of block grants during the 2019/20 – 2021/22 triennium will be **HK\$12,969.872 million**. This figure is indicative, which may increase or decrease slightly when actual competition results on the allocation of the research postgraduate places and RGC projects are available.

UGC Funding Methodology

42. Please refer to the Annex “Methodology for Determining the Levels of Recurrent Grants for the UGC-funded Universities”.

Approved Student Numbers (in fte terms) for the 2019-22 Triennium

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
Sub-degree	-	-	-
Undergraduate	14 794	14 761	14 746
Taught Postgraduate	597	600	600
Research Postgraduate#	1 381 + (46)	1 267 + (156)	1 174 + (251)
Total*	16 772 + (46)	16 628 + (156)	16 520 + (251)
FYFD	3 257	3 257	3 257

* Figures may not add up to the corresponding total owing to rounding.

The total tentative RPg places in 2019/20, 2020/21 and 2021/22 are 250, 804 and 1 286 respectively and the allocation to the universities are shown in brackets.

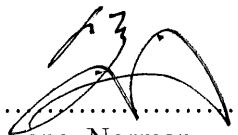
Other UGC Funding

43. Details about other earmarked grants and funding such as the funding to be allocated for Areas of Excellence Scheme, Earmarked Research Grants, knowledge transfer, etc will be announced separately.


7. FORMAL AGREEMENT

44. This University Accountability Agreement represents an agreement between The Chinese University of Hong Kong and the University Grants Committee.

Signed for and on behalf of The Chinese University of Hong Kong by

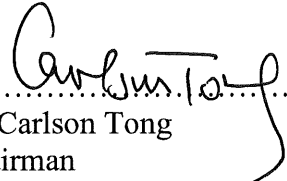

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Dr Leung Nai-pang, Norman
Council Chairman
The Chinese University of Hong Kong

25 June 2019
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Date

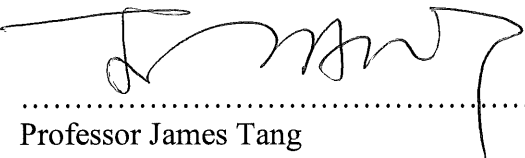

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Professor Rocky S. Tuan
Vice-Chancellor and President
The Chinese University of Hong Kong

18 June 2019
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Date

Signed for and on behalf of the University Grants Committee by


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Mr Carlson Tong
Chairman
University Grants Committee

27 June 2019
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Date


.....
Professor James Tang
Secretary-General
University Grants Committee

24 June 2019
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Date

Methodology for Determining the Levels of Recurrent Grants for the UGC-funded universities

The UGC's funding methodology was developed in 1994 and has been used since then for the assessment of the recurrent grants for the UGC-funded universities. It is regularly reviewed and improved to ensure that it is appropriate and relevant to current circumstances.

2. Recurrent grants for each UGC-funded university basically comprise a block grant and funds provided for specific purposes. The purpose of the UGC recurrent grants is to fund universities to support the pursuit of their different roles and missions in teaching and research.

Block grant

3. The New Academic Structure (NAS) has been implemented in the UGC-funded sector since the 2012/13 academic year. Thus, there has been new recurrent funding for the additional year under the NAS ("new pot of money") in addition to the funding ("existing pot of money") for the three years of undergraduate study and other levels of study. In this regard, for the purpose of determining the block grant allocation to universities, a "two pots of money" approach/funding methodology has been applied since the 2012/13 to 2014/15 triennium, as detailed below. Universities still receive a single lump-sum block grant in the end and the "two pots of money" approach will not affect the existing autonomy within which universities deploy their block grant.

"Existing pot of money" for the three years of undergraduate study and other levels of study

4. Under the "existing pot of money", the amount of block grant to the sector as a whole comprises three elements –

- (a) Teaching – about 75%
- (b) Research – about 23%
- (c) Professional Activity – about 2%

Teaching element

5. The bulk of the block grant is allocated for teaching, which is an indispensable duty and mission of all universities. The Teaching element is determined on the basis of the student numbers, their study levels (i.e. sub-degree, undergraduate, taught postgraduate and research postgraduate), modes of study (i.e. part-time and full-time) and disciplines of study. Some subjects are more expensive to teach than others because of special equipment or laboratory needs, or because they are more staff time intensive, etc. Relative cost weightings by broad academic programme category are grouped into three price groups, as shown in the table below -

Academic Programme Category (APC)	Price Group of APCs	Relative Cost Weighting	
		Teaching ⁽¹⁾ Programme	Research ⁽²⁾ Programme
1. Medicine 2. Dentistry	A Medicine & Dentistry	3.6	1.8
3. Studies Allied to Medicine and Health 4. Biological Sciences 5. Physical Sciences 6. Engineering and Technology 7. Arts, Design & Performing Arts	B Engineering & Laboratory Based Studies	1.4	1.4
8. Mathematical Sciences 9. Computer Science and Information Technology 10. Architecture and Town Planning 11. Business and Management Studies 12. Social Sciences 13. Law 14. Mass Communication & Documentation 15. Languages & Related Studies 16. Humanities 17. Education	C Others	1.0	1.0

Notes:

(1) Includes sub-degree, undergraduate and taught postgraduate programmes.

(2) Includes research postgraduate programmes.

Research element

6. The Research element, i.e. the Research Portion (R-portion), is disbursed to the universities as infrastructure funding to enable universities to provide both the staffing and facilities (e.g. accommodation and equipment) necessary to carry out research, and to fund a certain level of research. To promote research excellence, the UGC has been gradually allocating the R-portion to its funded universities on a more competitive basis according to their success in obtaining peer reviewed Research Grants Council (RGC) Earmarked Research Grants (ERGs). It was originally intended that over a period of nine years (starting from the 2012/13 academic year), about 50% of the R-portion would be ultimately allocated in this manner. In 2017, in response to the stakeholders' concerns expressed in the Review of the RGC (Phase I), the UGC approved the interim arrangement to "freeze" the percentage of the competitive part of the R-portion at 26% since the 2017/18 academic year, pending the completion of a further review on R-portion. The remaining 74% of the R-portion will be allocated with regard to the universities' performance in the Research Assessment Exercise (RAE). For the 2019/20 to 2021/22 triennium, before the

results of the forthcoming RAE in 2020 are available, the results of the RAE 2014 will continue to inform allocation of the rest of the R-portion.

Professional Activity element

7. This element of funding is intended to fund professional activities not covered by the Teaching element and Research element and is calculated based on the number of academic staff.

“New pot of money” for the additional year under the New Academic Structure

8. The funding for the additional year under the NAS, treated as a separate pot of money, is allocated wholly as “teaching funding” among faculties with price weightings of 1.4 and 1.0 for (i) Medicine, Dentistry, Engineering and Laboratory-based studies; and (ii) Others respectively.

Allocation of block grant within universities

9. The above-mentioned methodology only serves as a basis for determining the block grant allocation to the UGC-funded universities. Once allocations are approved, universities have autonomy in and responsibility for determining the best use of the resources vested in them.

Grants for specific purposes and extra-formulaic adjustments

10. The UGC is aware that its formula-based funding model cannot address all the various needs of the universities. The UGC’s recommendations therefore make provision for the following specific requirements for the 2019/20 to 2021/22 triennium –

- (a) Earmarked Research Grants (ERG)
The ERG is distributed by the RGC to support research projects and research activities of the eight UGC-funded universities. The ERG is funded by the investment income of the Research Endowment Fund (REF). To keep the amount of funding of the ERG up to the current price level, an amount of \$72.7 million will be deployed within the Cash Limit for ERG for each of the academic years in the 2019/20 to 2021/22 triennium.
- (b) Teaching Development and Language Enhancement Grant (TDLEG)
UGC attaches great importance to teaching and learning. A sum of \$781.2 million will be provided for the TDLEG in the 2019/20 to 2021/22 triennium.
- (c) Knowledge Transfer
To support expansion of institutional capacity and to broaden universities’ endeavours in knowledge transfer, the UGC will continue to reserve a sum of \$68.5 million (including the inflation adjustment) for universities for each of the academic years in the 2019/20 to 2021/22 triennium.
- (d) Central Allocation Vote (CAV)
Similar to the past triennium funding exercise, the UGC will set aside about 1.0% of the Cash Limit (*i.e.* \$600 million in the 2019/20 to 2021/22 triennium)

centrally to support new initiatives during the triennium, in addition to setting aside an average annual funding of \$100 million for the Areas of Excellence projects.

(e) Others

The UGC also agreed to fund a number of small extra-formulaic adjustments relating to specific activities of universities, totalling around \$72 million each year.
