

UNIVERSITY ACCOUNTABILITY AGREEMENT 2019/20 – 2021/22 TRIENNIUM

1. BACKGROUND, CONTEXT AND PURPOSE

2. HONG KONG FUNDING FRAMEWORK: KEY PRINCIPLES

3. INSTITUTIONAL MISSION AND VISION

- Institutional mission
- Institutional vision
- Strategic priorities and actions

4. ACTIVITY DOMAINS AND PERFORMANCE MEASURES

- 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

5. GOVERNANCE AND INSTITUTIONAL MANAGEMENT

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

6. UGC FUNDING ALLOCATION TO CITY UNIVERSITY OF HONG KONG

- UGC funding methodology
- Approved student numbers for the 2019-22 triennium
- Other UGC funding

7. FORMAL AGREEMENT

1. BACKGROUND, CONTEXT AND PURPOSE

1. The University Accountability Agreement (Agreement) is a formal agreement between City University of Hong Kong (CityU) and the University Grants Committee (UGC) of Hong Kong. It serves to articulate the nature and substance of the relationship between CityU 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 CityU, as well as providing assurance through high-level performance measures of a commitment to continuous quality improvement. For CityU, 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 CityU'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. CityU 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, CityU 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 CityU 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 CityU and the UGC. This annual review will consist of a check on progress towards targets and outcomes agreed over the timeframe of CityU'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 CityU is made aware of the potential consequences of it continuing to act in such a way.

8. The Agreement is signed by both CityU 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, CityU 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;
- 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 CityU 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 nurture and develop the talents of students and to create applicable knowledge in order to support social and economic advancement.

Institutional Vision

16. CityU aspires to become a leading global university, excelling in research and professional education.

Strategic Priorities and Actions

17. High-level strategic priorities by CityU over the timeframe of its strategic plan from 2015 to 2020 and more specific actions for the three year triennial funding period from 2019/20 to 2021/22 are:

Priorities: 2015 to 2020

18. CityU's Strategic Plan is the outcome of three stages of campus-wide consultations, and is formulated to further consolidate CityU's successes in light of the challenges and opportunities in the current planning environment, and further advance the University's academic ambition to be a leading university for research and professional education both locally and globally. The Plan has identified five overarching strategic priorities:

- Deepen discovery and innovation in professional education
- Expand interdisciplinarity and team-based research to address global challenges
- Strengthen internationalisation and global partnerships
- Enlarge capacity for knowledge transfer and entrepreneurship
- Enhance good governance and the CityU brand

Actions: 2019/20 to 2021/22

19. The following specific actions will guide the implementation of the Strategic Plan:

Deepen Discovery and Innovation in Professional Education

- Broaden and increase opportunities and supporting initiatives for the early engagement of our undergraduate students in discovery & innovation to deepen the culture of active learning and knowledge creation.
- Streamline and modernise our academic programmes to ensure quality, standards and relevance so as to recruit outstanding students to CityU who have a passion for knowledge and innovation.
- Strengthen the knowledge creation component in all our academic programmes, embed a research element in our taught postgraduate programmes, and enhance the engagement of outstanding graduate students and post-doctoral scholars to help drive and support the Discovery-enriched Curriculum (DEC) through intergenerational learning models.
- Enhance student admission processes so that we admit high quality and motivated students who have the potential to benefit from our DEC as active players in the creation, transmission, and application of knowledge.
- Formulate and coordinate outreach and networking programmes, and link the various relevant units to engage targeted schools on a long-term basis, so as to better prepare school students for higher education and for our DEC.
- Empower academic units to uphold stringent exit standards for all our academic programmes, carry out systematic monitoring of student performance, and offer timely counselling where necessary, to ensure that all our graduates meet our high academic standards.
- Hire the most outstanding faculty of high academic promise in order to build strength and capabilities in our Schools and Colleges to spur innovation, leadership in cutting-edge research, and nucleation of distinctive programmes to expand the career pathways of our graduates.
- Refine our performance appraisal criteria to give due recognition to the diverse contributions to education made by faculty members from different disciplinary backgrounds to foster discovery, innovation and creativity under the DEC.

- Implement a coordinated plan and an effective mechanism to engage our distinguished alumni, Honorary Graduates and Fellows to contribute actively as student mentors and career advisors to support student success.
- Strengthen career preparation programmes and employment guidance services to raise career aspirations, assist job-seeking efforts and develop students' soft skills to elevate competitiveness and increase career opportunities.
- Launch a coordinated University-wide outreach programme to strengthen networks with industry, NGO and government to expand opportunities for work-related experience for our students and foster knowledge transfer activities.
- Continue to implement 5-year Review of Academic Excellence Scheme to complement annual reviews of academic units and individual Performance-based Pay Review (PBPR), and conduct institutional reviews of all programmes to ensure academic excellence.

Expand Interdisciplinarity and Team-Based Research to Address Global Challenges

- Provide students with solid training in their subject disciplines and create opportunities for interdisciplinary learning and collaboration to develop interdisciplinary perspectives and analytical skills.
- Expand our faculty size and our graduate programmes to increase capacity for research and innovation.
- Increase our external grants and raise incentives to recognise faculty success in competing for team-based, high-level research projects, securing prestigious external funding and leading innovation in education.
- Align our internal allocation of research postgraduate students with the UGC allocation criteria, to significantly increase our research degree student numbers and to strengthen our research capacity.
- Institute innovative financial support schemes, strengthen our graduate training and offer exciting cutting-edge programmes to attract the best talents from the world to join the CityU innovation and research enterprise.
- Increase the capacity of faculty to develop and communicate disciplinary and interdisciplinary knowledge through investments to enhance disciplinary strengths and promote cross-disciplinary initiatives.
- Explore both on-campus and off-campus sites to create new space, laboratory facilities and other infrastructure to support interdisciplinary initiatives; and revise our rules and procedures to facilitate interdisciplinary collaboration across academic units at CityU and with other campuses and organisations.
- Institute a scheme of endowed professorships with private donations to promote scholarship in research and education, and strengthen recognition for outstanding achievements in interdisciplinary initiatives.
- Invest strategically in new research initiatives and programmes having an interdisciplinary focus, on topics of critical importance to Hong Kong, and in areas with substantial positive economic and social impact.
- Create incentives and support to actively promote the 3 overarching research themes of One Health, Digital Society, and Smart City that were identified by the campus to integrate our research capabilities and programme strengths so we can respond to societal challenges and address critical global issues in the highly connected world in which we live.

- Recruit new faculty in chosen areas who will complement and strengthen our current faculty, and increase the number of interdisciplinary faculty jointly hired across academic units.
- Build partnerships with institutions and organisations locally and internationally where such collaborations will enable us to address issues of critical significance that require large-scale, interdisciplinary research.
- Develop the Institute for Advanced Study to provide a platform for world- leading visiting scholars to engage in pioneering research and contribute to postdoctoral/postgraduate training.

Strengthen Internationalisation and Global Partnerships

- Mandate regular review of all our academic programmes to ensure rigour and competitiveness, benchmarked against top international universities.
- Expand the development of joint degree programmes with prestigious international universities to deepen internationalisation of learning and global outreach.
- Evaluate and strengthen effectiveness of our exchange and internship programmes to enhance competency, employability and career opportunities for our graduates.
- Improve our international student recruitment strategy and student support services to enhance student intake quality and diversity.
- Explore the re-development of the CityU staff quarters as a possible joint venture with the private sector to provide new space for strategic initiatives, including an international conference centre and a programme in hotel management as proposed in the Campus Master Plan.
- Promote and support student-initiated projects to deepen internationalisation and integration of local and non-local students.
- Strengthen and leverage local, regional, and international partnerships in industry and higher education to provide more opportunities for enriching teaching and learning.

Enlarge Capacity for Knowledge Transfer and Entrepreneurship

- Capitalise on our cross-East-West position and strong connections with the mainland government, industry and universities to build multi-lateral, cross- sector collaborations to develop innovation and knowledge transfer.
- Help establish Hong Kong as a global hub for research and innovation; seek partnerships with Global 500 companies, leading mainland companies, and with emerging high-tech companies; facilitate entrepreneurship, technology ventures, and industry engagement to enhance economic and societal impact.
- Enhance CityU's Innovation Commons as an interdisciplinary initiative to provide a physical and online platform to facilitate the worldwide collecting, searching and sharing of information; to build global networks; and to provide professional advising to faculty and students on knowledge transfer and entrepreneurship.
- Set up a strategic policy framework and a robust peer review system to enhance support for high-quality innovation and entrepreneurship and to facilitate CityU's advancement toward being an innovative and entrepreneurial university.
- Formulate and articulate CityU's goals and criteria for innovation and knowledge transfer to take into full account the special nature and context of different disciplines and to create appropriate incentives and mechanisms to promote and recognise outstanding contributions from diverse disciplines.

- Build multilateral collaborations with overseas institutions to widen the overall reach and impact of our work both in Hong Kong and internationally to maximise value for society from our education and research.
- Provide all research students with training and opportunities to broaden their skills in preparation for careers both within and outside academia, in addition to creating new knowledge as part of their degree requirements.
- Enhance engagement with industry, government, business and other end- users of research to promote knowledge transfer and commercialisation.
- Create learning spaces designed to allow students to pursue their own ideas and create new knowledge, and offer workshops in entrepreneurship know- how and training in writing grant proposals, business plans, and making public presentations under the guidance of experienced faculty, staff and alumni.
- Expand service learning programmes, sustainability initiatives and opportunities for experiential learning to nurture a culture of community engagement, ethical awareness and social responsibility.

Enhance Good Governance and the CityU Brand

- Strengthen institutional support to promote a healthy and productive campus with sound work-life balance and family-friendly policies.
- Review, evaluate and expand our e-business work simplification initiatives to streamline operating procedures, facilitate tracking and coordination, improve effectiveness and efficiency and enhance job satisfaction.
- Develop a proactive and well-coordinated strategy to systematically reach out to all areas of the campus to document, promote and appreciate the good work and outstanding contributions made by colleagues, students and alumni to realise University goals and to exemplify our core values.
- Design effective internal communication cascades to ensure that important information related to the goals, rationales and directions of major University policies and developments are well communicated and understood by all relevant stakeholders of CityU.
- Strengthen our media relations, corporate branding strategies and local image to enhance public perception and community support for CityU.
- Deepen engagement with our alumni and enhance institutional advancement strategies to promote our fundraising success.
- Enhance institutional support for professional development opportunities.
- Formulate a comprehensive costing model to facilitate financial analysis of major initiatives, projects, programmes and proposals of CityU, particularly those which are resource-intensive, to ensure affordability, sustainability and demonstrable benefits and returns.
- Grow our revenue from existing and alternative sources and increase our research income in order to sustain high quality research.
- Revise and refine our budget model to build in appropriate incentives to reward initiatives by academic units and administrative offices to drive performance to contribute to University goals and priorities.
- Develop an effective approach to risk and compliance throughout the organisation and continue to evolve our governance framework to reflect best practices.

- Promote collaborations among facilities managers, administrators and academics to develop joint projects to enhance sustainability and student engagement to develop a model “green” campus that can be shared across Hong Kong and the region.
- Clearly define and align roles and responsibilities for effective and efficient operations.
- Strengthen the accountability of Heads, Line Managers and supervisors to responsibly exercise their authority to uphold high standards in faculty and staff recruitments and appraisals, as well as to ensure effective management, timely problem-solving, and teamwork with other units.
- Engage in strategic human resources planning, including strengthening our succession planning, to ensure we will have the right human resources to support and lead CityU’s development.

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) Undergraduate satisfaction with their teaching and learning experience measured by the Teaching and Learning Questionnaire
- 2) Undergraduate learning competencies
- 3) Achievement of Graduate Outcomes

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) Number of high-quality research output
- 2) Value of competitive extramural research grants

- 3) Citation counts, awards and other appropriate impact measures
- 4) Research output of CityU research degree graduates including citation

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) Activity level per staff in knowledge transfer activities (e.g. contract research per Full-Time (FT) faculty, consultancy income per FT faculty, patents per FT faculty, etc.)
- 2) Number of companies, NGOs and government organisations with which CityU staff partner
- 3) Number of issued US patents in the previous calendar year
- 4) Invention commercialisation rate

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 and percentage of full-time international academic staff, and diversity of academic staff by country
- 2) Number and percentage of non-local students, and diversity of non-local students by country
- 3) Number of active exchange agreements signed with partner non-local institutions
- 4) Number and percentage of graduates with international 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 CityU 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) 3-year average of annual operating surplus as a percentage of overall turnover
- 2) 5-year annual return achieved on institutional investments

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. CityU has responded to the recommendations by taking the following actions:

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

34. A ‘skills template’ is used as a major indicator in determining likely Council members. New members undergo a formal induction programme, with all members being kept up to date through briefing documents prepared by the Executive Team, supplemented by informal briefings on key topics.

5.2 Institutional Strategy

35. The CityU Council is fully involved in the development of institutional strategies flowing from its overall mission and vision, as articulated in the Institutional Strategic Plan covering the period from 2015 to 2020.

5.3 Management of Risk

36. CityU has in place a Strategic Corporate Risk Management Framework, agreed by its Council. The Council’s Audit Committee maintains oversight of the operation of the Framework, with each of the high-level risks being ‘owned’ by a member of the senior executive team. Each of these risks is then cascaded throughout the institution, with clear ownership and reporting lines established at all levels. A culture of risk awareness based on stakeholder engagement underpins the Framework.

5.4 Delegation of Authority

37. CityU has in place a comprehensive structure of delegation, starting with the Council and its standing 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

38. The Council of CityU has agreed to review governance arrangements at least every five years (to coincide with the CityU planning cycle) with reviews of specific areas of its activity being undertaken more frequently if needed.

6. UGC FUNDING ALLOCATION TO CITY UNIVERSITY OF HONG KONG

39. 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 CityU in the form of block grants during the 2019-22 triennium will be **HK\$7,790.078 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

40. 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	841	841	841
Undergraduate	11 170	11 170	11 170
Taught Postgraduate	53	53	53
Research Postgraduate#	581 + (38)	500 + (120)	425 + (194)
Total*	12 645 + (38)	12 564 + (120)	12 489 + (194)
FYFD	2 095	2 095	2 095

* 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.

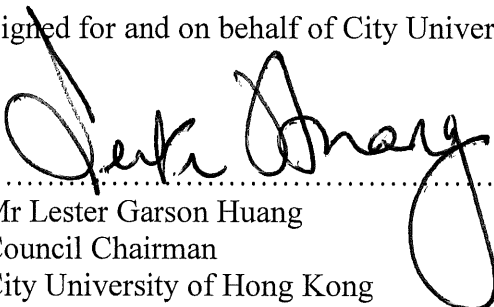
Other UGC Funding

41. 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.

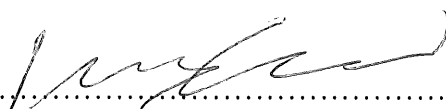
7. FORMAL AGREEMENT

42. This University Accountability Agreement represents an agreement between City University of Hong Kong and the University Grants Committee.

Signed for and on behalf of City University of Hong Kong by


.....
Mr Lester Garson Huang
Council Chairman
City University of Hong Kong

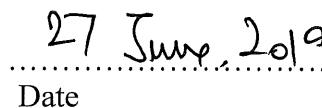

.....
Date

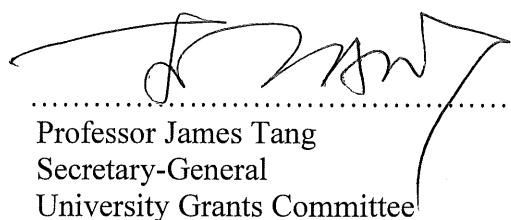

.....
Professor Way Kuo
President
City University of Hong Kong


.....
Date

Signed for and on behalf of the University Grants Committee by


.....
Mr Carlson Tong
Chairman
University Grants Committee


.....
Date


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


.....
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.
