

# **UNIVERSITY ACCOUNTABILITY AGREEMENT 2022/23 – 2024/25 TRIENNIUM**

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## **1. BACKGROUND, CONTEXT AND PURPOSE**

1. The University Accountability Agreement (Agreement) is a formal agreement between The University of Hong Kong (HKU) and the University Grants Committee (UGC) of Hong Kong. It serves to articulate the nature and substance of the relationship between HKU 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 HKU, as well as providing assurance through high-level performance measures of a commitment to continuous quality improvement. For HKU, 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 HKU'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 2022/23 to 2024/25 triennium (2022-25 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) as well as other guidance and advice as promulgated and updated by the UGC from time to time.
4. HKU 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 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, HKU 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 HKU 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 HKU and the UGC. This annual review will consist of a check on progress towards targets and outcomes agreed over the timeframe of HKU'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 HKU is made aware of the potential consequences of it continuing to act in such a way.
8. The Agreement is signed by both HKU 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. The UGC follows a triennial planning cycle for the allocation of recurrent grants to the eight UGC-funded universities. This is underpinned by the Planning Exercise, which allows the universities to examine their recent developments through reviewing existing programmes, introducing new ones and phasing out obsolete ones. The exercise involves two major components:

- i. obtain instructions from the Government on the overall policy direction and broad planning parameters for the triennium; and
- ii. on the basis of (i), consider the Planning Exercise Proposals (PEPs) submitted by the universities to make recommendations on the allocation of student numbers and recurrent grants to individual universities. The cycle usually starts two years before the commencement of each triennium.

10. For the 2022-25 triennium, HKU acknowledges the four strategic directions which Government has invited the UGC and all universities to take into account in the Planning Exercise, namely –

(a) Universities should think more strategically and for the longer term

Universities should think boldly and strategically in mapping out the strategies in a longer planning cycle, taking into account the potentials and needs of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Development and the role that Hong Kong's higher education sector could play in this endeavour.

(b) Consolidation in UGC-funded programmes among universities

A few universities are currently offering training programmes in some disciplines with surplus manpower, while there is ample supply of graduates from the self-financing post-secondary education sector and other non-local sources. The more apparent examples are Chinese medicine practitioners, teachers and social workers. The opportunity should be taken for the universities to consider some form of consolidation of these programmes at institutional level to enhance synergy and efficient use of resources.

(c) Whole-person development

While recognising the significant efforts made by the universities on the academic front, the whole-person development of university students should also be accorded priority. As graduates are the future pillars of our society, it is pivotal that a strong sense of civic duty could be instilled into them through value education at university level. The education on the Constitution, the Basic Law and the National Security Law should also form part and parcel of students' university studies to nurture them as law-abiding responsible citizens.



(d) Research

The basic research capability among the UGC-funded universities is a forte in which Hong Kong has a leading edge in the region. Such forte should be maintained and further strengthened, as manifested in the Government's sizeable injection into research-related funding in recent years. At the same time, the knowledge transfer from basic to applied research with the creation of social impact should also be encouraged.

11. The UGC considers that competition drives excellence. To ensure the efficient use of the precious publicly-funded student places, the UGC adopts the Competitive Allocation Mechanism (CAM) under which each university is required to set aside a small portion of its non-manpower-planned (NMP) first-year-first-degree (FYFD) intake places for redistribution in the context of the Planning Exercise. Universities are invited to submit their PEPs to facilitate assessment by the UGC. This process of preparing their PEPs creates an opportunity for universities to critically reflect on their overall strategies, distinctive roles and portfolio of academic programmes against policy priorities and community needs. The PEPs submitted by the universities are subject to rigorous assessment by the UGC against the following seven assessment criteria –

- i. Institutional mission and strategy;
- ii. Meeting the needs of society over the next decade;
- iii. Quality of student experience of teaching and learning;
- iv. Research performance and research postgraduate experience;
- v. Knowledge transfer and wider engagement;
- vi. Enhanced internationalisation and engagement with the Mainland; and
- vii. Financial health, institutional social responsibilities and sustainability.

12. The preliminary recommendation on allocation of student places is conveyed to the universities in the Preliminary Advisory Letter to facilitate the universities' preparation of student load matrices and cost estimates. Upon completion of Recurrent Grants Assessment, the UGC submits its recommendations on the allocation of student places and recurrent grants to the Government. With the approval from the Chief Executive-in-Council, universities are informed of their final funding allocation in the Allocation Letter from the UGC.

13. 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. In the 2022-25 triennium, the Government has agreed to provide a total sum of recurrent grants of **HK\$14,682.2 million** to HKU in the form of a block grant of which HKU may redeploy the resources internally to various units and activities as your university sees fit. That notwithstanding, UGC's recommendations are premised on the proposals, initiatives and programme offering as committed in your university's PEP, whereas the approved student number targets form a key basis for the determination of recurrent grants. As such, the PEP of your university is contractual in nature. HKU accepts that you have a duty to be openly accountable for the proper stewardship of funds, irrespective of their source, and of other resources at your disposal. In particular, HKU should ensure the provision of approved publicly-funded programmes and student places, while effective and efficient internal control mechanisms should be in place for the compliance of relevant conditions on the use of public funding and requirements for reporting, audit and assurance as prescribed in the PEP, the Allocation Letter, the UGC's NoP as well as other guidance and



advice from the UGC from time to time. Some specific conditions are highlighted in the ensuing paragraphs.

#### Utilisation of Approved Student Number Targets

14. The UGC conducts regular enrolment and admission monitoring to ensure that the approved student number targets are delivered by HKU, as well as to enable the introduction of appropriate remedial measures in the event of significant deviations.

15. The full utilisation of student places and intake places is an obligation in return for receiving public funding which must be accountable and therefore subject to scrutiny by the Government and the public. The UGC understands that enrolment management involves factors such as student admission, market demand and individual student decisions which are often beyond the control of the universities and thus allows some flexibility on under-utilisation and over-utilisation as prescribed in the NoP or other advice from the UGC. The enrolment and admission monitoring is conducted by the UGC on both annual and triennial basis to ensure effective and realistic enrolment management of the universities.

16. HKU accepts that the UGC reserves the right to claw back funding from your university or deduct the corresponding amount from any other planned or committed funding allocation to your university, if the UGC is of the opinion that enrolment management by your university is unsatisfactory in terms of significant over-utilisation beyond the permissible ceiling or under-utilisation below the tolerable floor. Your university is responsible for undertaking all reasonable measures in response to unsatisfactory situation in order to safeguard the quality of teaching and learning as well as to ensure the efficient use of public funding. HKU shall submit information on the enrolment situation through the annual submission of statistics in the Common Data Collection Format (CDCF) or at any suitable juncture.

#### Compatibility with “3-3-4” Academic Structure

17. HKU acknowledges that Hong Kong adopts the “3-3-4” Academic Structure under which the normative study period for an undergraduate programme is four years, while certain programmes may have normative study periods of five years or longer to ensure that the graduates are equipped with the necessary skills and competences. While institutional autonomy remains the core value of the higher education sector which the UGC cherishes and respects, HKU would ensure that the academic programmes offered are formulated in a manner fully consistent with the overarching framework of the “3-3-4” Academic Structure. Also, whole-person development has all along been considered as an integral component of quality undergraduate education under the “3-3-4” Academic Structure and a curtailed study period will result in loss in such opportunities. In all circumstances, a university should not introduce any undergraduate programmes allowing for the awarding of a degree with a normative study period of less than four years. The normative study period of double degree programmes should accordingly be no less than five years. Universities should tender appropriate advice to the students to encourage suitable balance between academic studies as well as participation in extra-curricular and co-curricular activities for fulfilling the mission of promoting whole-person development.



## Financial Governance

18. The public funding for all UGC-funded universities involves substantial amount of public resources. There is clear aspiration from the community that universities will assume full accountability for the use of funding and uphold the highest standard of financial governance. HKU agrees to adhere to the latest requirements on financial governance as set out by the UGC vide the letters on various topical issues and issue of guidelines, including, but not limited to –

- i. Statement of Recommended Practice for the UGC-Funded universities (“the SORP”) – The SORP reflects both the accounting practices and disclosures as set out in the prevailing Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and those recommended in UGC’s Financial Affairs Working Group Report for use by the universities in the preparation of their financial statements and Annual Reports; and
- ii. Cost Allocation Guidelines for UGC-funded and non-UGC-funded Activities (“the Guidelines”) – The Guidelines provide a set of guidance for universities to ensure that there is no cross-subsidisation of UGC resources to non-UGC-funded activities. The Guidelines represent the basic features that each university should demonstrate in their cost allocation models, and serve as inputs to the design and implementation of their cost allocation mechanisms.

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

## **3. INSTITUTIONAL MISSION AND VISION**

20. 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 2020 Research Assessment Exercise (RAE) as a key element in its future development. As we gradually move on from the restrictions brought on from the COVID-19 Pandemic, it is also important for universities to focus on institutional development in response to the evolving landscape of higher education, especially the “new normal” shaped by the medium- and long-term socio-economic impacts of the pandemic.

### **Institutional Mission**

21. The mission of HKU as agreed by its Council and Senate is to:

- advance constantly the bounds of scholarship, building upon its proud traditions and strengths;
- provide a comprehensive education, benchmarked against the highest international standards, designed to develop fully the intellectual and personal strengths of its students, while extending lifelong learning opportunities for the community;
- produce graduates of distinction committed to academic / professional excellence, critical intellectual inquiry and lifelong learning, who are communicative and



- innovative, ethically and culturally aware, and capable of tackling the unfamiliar with confidence;
- develop a collegial, flexible, pluralistic and supportive intellectual environment that inspires and attracts, retains and nurtures scholars, students and staff of the highest calibre in a culture that fosters creativity, learning and freedom of thought, enquiry and expression;
- provide a safe, healthy and sustainable workplace to support and advance teaching, learning and research at HKU;
- engage in innovative, high-impact and leading-edge research within and across disciplines;
- be fully accountable for the effective management of public and private resources bestowed upon the institution and act in partnership with the community over the generation, dissemination and application of knowledge;
- serve as a focal point of intellectual and academic endeavour in Hong Kong, China and Asia and act as a gateway and forum for scholarship with the rest of the world.

## **Institutional Vision**

22. As agreed by its Council and Senate:

HKU, Asia's Global University, delivers impact through internationalisation, innovation and interdisciplinarity. It attracts and nurtures global scholars through excellence in research, teaching and learning, and knowledge exchange. It makes a positive social contribution through global presence, regional significance and engagement with the rest of China.

HKU's mission and vision, and the way in which it organises its academic activities to drive impact and measurable social gain, is set out in its *Vision 2016-2025* document.

## **Strategic Priorities and Actions**

23. HKU's key strategic priorities as agreed by its Council as part of its strategic plan for 2016-2025 are presented below.

### **i. Using impact as a common denominator**

HKU welcomes the spotlight the government has placed on impact, and the increasing need to evidence the contributions that universities make to society and the value they give. Ultimately, HKU wants impact to be the common denominator for everything it does: from developing globally-minded graduates that are highly agile and well-prepared to contribute productively to society, to supporting researchers able to swiftly diffuse knowledge and technologies around the world; and also, from driving new ideas, values and services from the front, to working across borders to solve society's most urgent problems. While excellence will continue to be HKU's benchmark, creating positive and powerful impact through its three pillars will be the definitive goal. For example:

- Teaching and learning: A new strategy and ambitious plans are in place to shape HKU's educational offerings so that they have demonstrable impact, i.e. in responding effectively to meet the rapid changes in contemporary society; meeting



government initiatives to drive Hong Kong's growth and prosperity; promoting whole-person development; and equipping HKU's students with the skills and mindset to take the lead on solving global challenges.

- Research: As a research-intensive, comprehensive university, HKU aims to strengthen its capabilities in fundamental and outcomes-driven research, and to foster a culture that enables its researchers to flourish and create high-level impact. This includes building on its ecosystem that cultivates innovation and entrepreneurialism across its student, staff and alumni communities, and fully rolling out HKU's internal funding allocation systems to ensure they are fit-for-purpose and truly support the strategic goals of HKU. HKU will also continue to enhance its research postgraduate education to support Hong Kong's research development.
- Knowledge exchange: The knowledge exchange strategy of HKU ensures a continual two-way campus-community flow of knowledge through meaningful community engagement, as well as access to HKU's research and technology transfer. Translating knowledge and discovery into societal impact is one of HKU's primary goals. HKU will continue its successful community engagement programme and further embed knowledge exchange into the student curriculum.
- Enabling platform: Having a robust infrastructure that impacts positively on the smooth running of teaching and learning, research and knowledge exchange is critical to HKU's success. HKU will continue to optimise its professional services and technology platform to make the most efficient use of resources. With strategic hiring, HKU builds a robust and sustainable pipeline of outstanding talent that will help it achieve its academic goals, while capital projects for campus development are launched to create an innovative environment for teaching and learning and research, and foster global collaboration and outreach.

## ii. Responding to high level reviews and government initiatives

Guided by its *Vision 2016-2025* document HKU has been doing a lot of work embedding the three Is of internationalisation, innovation and interdisciplinarity, all converging on the fourth I of impact. While these themes have always been central to the institution's strategic priorities and actions, several junctures have prompted it to reflect and enhance its planning:

- Through implementation of the recommendations in the *Newby Report* (2015) and the subsequent *Report of the Review Panel on University Governance* (2017), HKU has rolled out policies and plans of significant impact. For example, HKU has reformed internal funding allocation to increase accountability and transparency; updated its human resources strategies to meet the global shifts in the recruitment and retention of talent; and made strategic, risk-managed investment in new and innovative initiatives, including world-class and impactful research projects in collaboration with researchers from around the world.
- The Chief Executive's recent policy addresses, which clearly laid out the government's short- to long-term goals, gave HKU the opportunity to examine how it can capitalise on its strengths in aligning with the exciting vision for Hong Kong and at the same time realise the institution's own academic and research goals for



the next decade. By fully leveraging on its knowledge, expertise and capabilities, HKU has every intention of making a strong and productive contribution to the advancement of Hong Kong, strengthening its close relationship with Mainland China, contributing to the development of the Greater Bay Area, and securing its place in the global arena. HKU is actively planning for a comprehensive Shenzhen campus that will complement and be integrated with our present academic activities in Hong Kong, as well as setting up study and multifunctional centres in Mainland China and overseas.

### **iii. Realigning its activities with Vision 2016-2025 strategic goals**

Foregrounding the 3+1 Is has helped sharpen HKU's focus on its performance in teaching and learning, research and knowledge exchange. The net effect of this has been a more deliberate, coherent and strategic approach to the organisation of HKU's business. The development of measurable outcomes has been duly completed: broadly through the sector-wide performance measures and more specifically through the institution-specific key performance indicators.

24. HKU's strategic priorities and actions are premised on a number of factors: (a) the need to create impact drives its actions, particularly with respect to meeting the needs of society; (b) HKU's alignment with, and support for, government initiatives especially in areas where it excels and / or has demonstrable strengths; and (c) HKU's aspirations to be Asia's Global University and an institution of higher learning that nurtures the brightest and best talent from Hong Kong, Mainland China and the rest of the world.

25. All of the above are given full treatment in the *2022-2025 Triennium Planning Exercise Proposal* that complements this document.

## **4. ACTIVITY DOMAINS AND PERFORMANCE MEASURES**

26. A regular review of universities' performance is an important element of sound governance. It allows a university 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 a university 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 student experience of teaching and learning
- Research performance and research postgraduate experience
- Knowledge transfer and wider engagement
- Enhanced internationalisation and engagement with the Mainland
- Financial health, institutional social responsibilities and sustainability

27. 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.

28. As far as is practicable, data for the performance measures is derived from existing institutional returns to the UGC, whether through 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. HKU also acknowledges that performance measures will be adopted for the assessment of their PEPs and inform the allocation of student numbers.

29. The UGC acknowledges in its NoP (Chapter 6 on Data Collection and Returns) that, "it requires information about the activities of the UGC-funded universities 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 Quality of Student Experience of Teaching and Learning**

30. The core components of the performance measures in this activity domain are intended to demonstrate that a university 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. Performance measures on student service learning and internship activities are also covered in this domain as they are significant form of experiential learning for real-life application of learning outcomes and whole-person development. In addition, with dedicated funding for universities to step up support for students with special educational needs in the 2022-25 triennium, a university should report on the satisfaction of such students to facilitate ongoing monitoring. The data for (1) and (4) under the sector-wide performance measures below are derived from a standard question in student surveys.

#### **Sector-wide Performance Measures**

- 1) (a) Undergraduate satisfaction with the quality and value gained from their teaching and learning experience  
(b) Undergraduate satisfaction with their overall learning environment
- 2) Undergraduate employment success rate
- 3) Learning experience outside the classroom –  
(a) Service learning activities; and  
(b) Internships experience
- 4) Satisfaction of students with special educational needs

#### **Institution-specific Key Performance Indicators**

- 1) Undergraduate Student Feedback on Teaching and Learning scores for course and teacher effectiveness broken down by Common Core Courses and non-Common Core Courses
- 2) Percentage of academic staff with professional teaching accreditation (using UK Professional Standards Framework)



- 3) Undergraduate employment data (six months post-graduation)

## **4.2 Research Performance and Research Postgraduate Experience**

31. Performance measures in this domain are intended to illustrate that a university has strategies in place appropriate to its mission to encourage research and scholarly activities 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 experience and outcomes for research postgraduate students, including equipping them for careers appropriate to their specialism. The data for (3) under the sector-wide performance measures below are derived from a standard question in research postgraduate student survey.

### **Sector-wide Performance Measures**

- 1) Value of total research income
- 2) Average time-to-completion, graduation rate and employability of research postgraduates
- 3) Research postgraduate satisfaction with their overall experience

32. The Agreement for the 2019/20 to 2021/22 triennium contains a sector-wide performance measure on the percentage of research activities judged to be world leading or internationally excellent as assessed in the latest RAE. As there is no plan for another round of RAE within the 2022-25 triennium, the performance measure will be temporarily excluded from the 2022-25 triennium.

### **Institution-specific Key Performance Indicators**

- 1) Competitive (private and public, local and international) grant incomes
- 2) Per research capita publication citations
- 3) Percentage of Research Postgraduate students with industry and international experiences (covering industry internship, research exchange, academic visits, laboratory attachment, research training, professional workshops etc.)
- 4) Per capita international (high-impact) research publications and monographs

## **4.3 Knowledge Transfer and Wider Engagement**

33. The UGC acknowledges that universities have, with regard to institutional needs, developed for various forms of knowledge transfer activities a unique data system, with a wide range of definitions for terms, calculation of quantitative indicators and interpretations for statistics. Given the diversity of knowledge transfer activities within the UGC-funded sector, we adopt a multi-pronged approach to measure universities' efforts and achievements in cultivating knowledge transfer culture and talents among students, engaging 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.



34. 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 broadly be categorised as: (i) the provision of research and business services (consultancy; collaborative research; contract research; and CPD); (ii) innovation (licensing); and (iii) public engagement (networking and public events; projects with a social or community benefit). For start-ups, quantitative data in terms of number or profits may not be truly reflective of their success as they have different forms of establishment and financial cycles. The universities are encouraged to provide a qualitative assessment on this aspect by highlighting recent development and notable cases in their annual progress reports.

### **Sector-wide Performance Measures**

- 1) Total income from knowledge transfer via the provision of research and business services (i.e. collaborative research, contract research, consultancies, CPD)
- 2) Income generating from intellectual property as defined in CDCF
- 3) Expenditure on public engagement activities (e.g. public lectures, performance arts, exhibitions and others as defined in CDCF)
- 4) Student engagement in start-ups and entrepreneurship

### **Institution-specific Key Performance Indicators**

- 1) Research collaborations, and public-public (covering consultancy and contracts, research and impact projects with public bodies) and public-private (covering consultancy and contracts, impact cases, research and service projects with business and industry, social and community projects with foundations and private organisations, public engagement events etc.), partnership projects
- 2) Patents (filed and granted), know-hows and licenses
- 3) Innovation and entrepreneurial activities (measured by events, projects, participants, impact cases etc.)
- 4) (External) advisory and editorial membership (local, Mainland China, regional, international)

## **4.4 Enhanced Internationalisation and Engagement with the Mainland**

35. Sector-wide performance measures in this domain are designed to illustrate the impact of a university'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 research collaboration with non-local institutions, the recruitment of non-local students, exchange programmes involving Hong Kong students spending part of their course in an overseas or Mainland institution and vice versa, recruitment of non-local staff, participation of staff in conferences / exchanges held outside Hong Kong, engagement with Mainland China, exposure in the GBA, 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 (in each of: undergraduate; taught postgraduate; research postgraduate) broken down by regions (Asia, Europe, North America, South America, Oceania, Africa and others) and study levels
- 3) (a) Percentage of undergraduate students with non-local university-approved formal or experiential learning experience  
(b) Percentage of undergraduate students with university-approved formal or experiential learning experience in the GBA
- 4) Active research collaboration with non-local institutions

For active research collaboration with non-local institutions, it is recognised that the quantitative information to be presented may not fully reflect the qualitative understanding of university performance, such as the depth and scope of the collaborations, as well as their impact on the university's internationalisation. Universities are encouraged to supplement such information in their UAA annual reports to highlight major collaborative projects with significant achievements and potential impact.

## **Institution-specific Key Performance Indicators**

- 1) Percentage of international professoriate staff
- 2) Percentage of undergraduate students undertaking international exchange
- 3) Percentage of undergraduate students undertaking a significant Mainland learning experience
- 4) Percentage of undergraduate students undertaking a significant international learning experience

## **4.5 Financial Health, Institutional Social Responsibilities and Sustainability**

36. While universities enjoy the autonomy to allocate fund and resources, they are expected to deliver the pivotal role as publicly-funded institutions to meet the societal needs and to nurture the future generations. Measures in this activity domain are, therefore, designed to illustrate the strength of a university's governance structures and their capacity to ensure the financial sustainability 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 HKU are detailed in the following Section Five on Governance and Institutional Management. The utilisation of student places is also a key indicator of universities' fulfilment of their accountability for public funding. On the other hand, as academic institutions, universities have transcendental roles to play in championing social responsibility and overall sustainability for the betterment of the world for our future generations. With the growing importance in environment, social and governance challenges, this domain also covers environmental and social responsibilities of the universities as a key aspect of institutional performance. For the 2022-25 triennium, the financial support for students with financial needs using non-UGC funding and the admission of students on the basis of non-academic talents to UGC-funded undergraduate programmes are introduced as



new performance measures to represent universities' efforts in living up with their social responsibility.

### **Sector-wide Performance Measures**

- 1) (a) Subventions from UGC as a percentage of total income  
(b) Current ratio (i.e. current assets / current liabilities)  
(c) Coverage of university's expenditure by reserves and cash & cash equivalents (defined by Hong Kong Financial Reporting Standards):
  - (i) Reserves / monthly expenditure = number of months that expenditure can be supported by reserves;
  - (ii) Liquid reserves / monthly expenditure = number of months that expenditure can be supported by liquid reserves; and
  - (iii) Cash & cash equivalents / monthly expenditure = number of months that expenditure can be supported by cash & cash equivalents
- 2) Overall student places utilisation rate
- 3) Scholarship and financial aid for students with financial needs funded by non-government funding
- 4) Number of students admitted to UGC-funded programmes at undergraduate level (in respect of the academic year covered in the report) on the basis of non-academic talents through direct admission schemes

### **Institution-specific Key Performance Indicators**

- 1) Research income per fte professoriate staff
- 2) Percentage of income from donations (university level)
- 3) Research impact (citations) on United Nations' Sustainable Development Goals

## **5. GOVERNANCE AND INSTITUTIONAL MANAGEMENT**

37. 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.

38. 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 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.



39. 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

40. HKU has continued to respond to the recommendations by taking the following actions:

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

41. The Council's Nominations Committee is tasked with the role to advise the Chancellor and the Council on matters relating to the membership appointments to the Council. When dealing with Council membership appointments, the Nominations Committee would review the overall composition of the Council in light of the present and future skill sets which Council required from its members in order to advise the Chancellor and the Council accordingly for the identification of suitable candidates for appointment. The Nominations Committee has kept under review the skill requirements to ensure that the Council and indeed HKU could benefit from members with valuable expertise and external input.

42. As a standing practice, new members joining the HKU Council are provided with the *"Guide and Code of Practice for Members of the Council"* and other relevant documents about the operation of the Council. Briefing sessions about HKU and Council activities are offered to new lay Council members by the Secretary of the Council. The Council receives on a regular basis at its meetings presentations by Faculty Deans on strategic plans and activities of their respective Faculties and is also apprised of the different aspects of University work and the latest development of important projects and plans through presentation by, and discussion with, the respective officers.

### **5.2 Institutional Strategy**

43. The Council of HKU is fully involved in the development of institutional strategies flowing from its overall mission and vision, as articulated in HKU's *Vision 2016-2025* document.

### **5.3 Management of Risk**

44. HKU has mapped out a Risk Management Framework which was approved by the Council. This Framework, overseen by Council's Audit Committee, has assigned clear roles and responsibilities for mitigating risks. In light of the pandemic and social events in recent years, a Task Force on Crisis Management was set up to generate strategies and steer communication. The Risk Management Framework is also being actively reviewed in response to the changing circumstances and unforeseen external challenges, with recommendations to be made to the Council as necessary.



45. Meanwhile, the Risk Register as approved by the Council is being used by the Internal Audit Office and the Council's Audit Committee in developing the internal audit plan to review different aspects of HKU's operation in light of the risks identified in the Register.

#### **5.4 Delegation of Authority**

46. HKU has in place a comprehensive structure of delegation, starting with the Council and its major committees (responsible for Finance, Human Resources, Campus Development, and Auditing), each of which is governed by a clear set of terms of reference made by the Council which, if appropriate, include a scheme of delegation setting 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. These committees submit reports annually as well as at other times as necessary to the HKU Council.

47. While there is a clear delegation and reporting mechanism set out for the Council committees, the Council affirms, on the recommendation of the Working Party on the Recommendations of the Review Panel on University Governance, that it should not rubber stamp the decisions made by its subsidiary committees, and should perform its decision-making duty with sufficient information and after full deliberation.

#### **5.5 Periodic Review of Governance Arrangements**

48. HKU reviews its governance structure on a regular basis. Report of the last major governance review by an external panel was submitted to the Council in 2017 and a Working Party was set up to study the recommendations in detail for advice to the Council. The Council endorsed the suggestions of the Working Party and the recommendations from the review have been taken forward by the relevant parties within HKU. HKU is committed to a regular review on university governance, with the next review to be conducted in five to six years time, i.e. 2022-23, to ensure the quality of its governance matches its commitment to academic excellence.

49. Regional cooperation between Hong Kong's universities and their Mainland counterparts with new campuses in the GBA will shape the new landscape of higher education in the next few years. The strategies, visions and governance arrangements for these new campuses will have immense impacts on institutional development of the university in Hong Kong during the 2022-25 triennium. In addition, the Government has specifically cited the opportunities for collaboration in the GBA in one of the four Strategic Directions for the 2022-25 triennium. Therefore, HKU acknowledges the need to put in place a robust governance arrangement for regional cooperation initiatives, including but not limited to the development and operation of the GBA campus as well as the associated teaching and learning activities and research collaboration, etc., to ensure strong leadership and effective oversight by the university as appropriate.

### **6. UGC FUNDING ALLOCATION TO THE UNIVERSITY OF HONG KONG**

50. The amount of the block grant to the UGC-funded sector as a whole comprises three elements, with the Teaching Portion accounting for about 78%, the Research Portion



accounting for about 20%, and the Professional Activity Portion accounting for about 2% when both the “existing pot of money” and the “new pot of money” for the first year of undergraduate studies under the “3-3-4” Academic Structure are taken together. As set out in the Provisional Allocation Letter on the recurrent grants for the 2022-25 Triennium, the recurrent grants to be provided to HKU in the form of block grants during the 2022-25 triennium will be **HK\$14,682.2 million**. This figure is indicative, which may be adjusted when actual competition results on the allocation of the research postgraduate student places and RGC projects are available. The determination of the amount of the block grant to HKU is made on the basis of the student number targets approved by the Government as follows –

**Approved Student Number Targets<sup>@</sup> (in fte terms) for the 2022-25 Triennium**

|                                    | <u>2022/23</u> | <u>2023/24</u> | <u>2024/25</u> |
|------------------------------------|----------------|----------------|----------------|
| Sub-degree                         | -              | -              | -              |
| Undergraduate                      | 13 826         | 13 901         | 13 964         |
| - FYFD (intake places)             | 3 040          | 3 040          | 3 040          |
| - Senior Year (intake places)      | 360            | 360            | 360            |
| Taught Postgraduate                | 782            | 772            | 762            |
| Research Postgraduate <sup>#</sup> | 180            | 180            | 180            |

<sup>@</sup> Approved Student Number Targets are student places unless specified.

<sup>#</sup> Provisional Figures of the allocation of 600 student places within the total number of 5 595 under the Planning Exercise for the 2022-25 triennium. They are subject to the result of a comprehensive review on the allocation of research postgraduate places being carried out by the UGC.

**Other UGC funding**

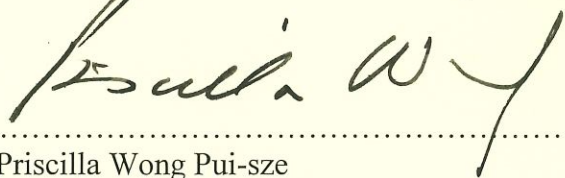
51. There are circumstances where the formula-based funding model cannot address all the various needs of the universities. As such, the UGC has made provision for specific requirements in each planning cycle, such as the funding to be allocated for Areas of Excellence Scheme, Earmarked Research Grants and the Teaching Development and Language Enhancement Grant, which should only be used for the specified purposes and in accordance with the arrangements as promulgated by the UGC.



## 7. FORMAL AGREEMENT

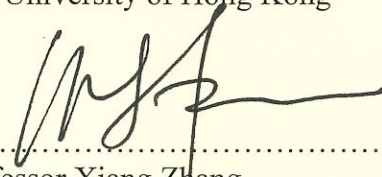
52. This University Accountability Agreement represents an agreement between The University of Hong Kong and the University Grants Committee.

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



Ms Priscilla Wong Pui-sze  
Council Chairman  
The University of Hong Kong

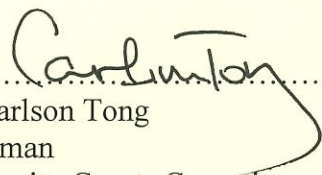
26 April 2022  
Date



Professor Xiang Zhang  
President and Vice-Chancellor  
The University of Hong Kong

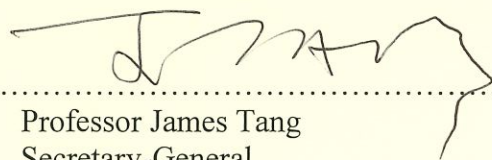
25 April 2022  
Date

Signed for and on behalf of the University Grants Committee by



Mr Carlson Tong  
Chairman  
University Grants Committee

22 April 2022  
Date



Professor James Tang  
Secretary-General  
University Grants Committee

22 April 2022  
Date