

Chapter Two

The Role of the UGC in the Expanding Post-Secondary Sector

- 2.1. The higher education sector, including the universities, must define its role with respect to a number of different contexts or sets of stakeholders. One crucially important context is that of the whole education system, including the secondary schools. For reasons of time this report has not been able to discuss the many important interfaces with schools, for example, the training of teachers, the impact of university admissions systems and degree programmes on the curriculum of secondary schools, and of course, the recruitment of students. All of these deserve and should receive further discussion elsewhere.
- 2.2. One new context which does demand further scrutiny here is the stated policy of the Chief Executive to increase the percentage of those receiving post-secondary education and training to 60%. The details and funding patterns for this have not yet been comprehensively established, but certain points are clear. The first is that a number of community colleges will be created. Some of these will grow from the current universities which already offer sub-degree, continuing education and lifelong learning programmes, and some will be new institutions. The Chief Executive's 2001 Policy Address indicates that funding may include some public sources, but that there must be significant private input. Whatever the detailed patterns established, the universities must prepare for creative and positive relationships with what will grow to be a large and influential new sector.
- 2.3. One key change will be the creation of a new demand from those who have completed associate degrees, for entry with appropriate credits into the advanced years of first degrees. Such demand requires a credit accumulation and transfer system (CATS) to facilitate student mobility and to provide better articulation arrangements between the community colleges and the universities. The prospect of funding by credit units as a corollary of this offers some promise that will need to be further examined. This is discussed in Chapter Four.
- 2.4. A prior question, however, is how this new sector will affect the governance arrangements for the evolving higher education sector. These arrangements bestow key responsibilities on the UGC.
- 2.5. The UGC was established in 1965, and was based on the (now superseded) United Kingdom model of a grants committee. Its core role is to examine the academic development proposals of the institutions and the resource strategies (i.e. human resource, estates and finance strategies) which underpin them, to test the proposals' academic merits and the funding that is appropriate for them. In parallel, the UGC is accountable for the proper use of public funds, and monitors the academic and financial accountability of the institutions. It also performs a forward planning role for the sector.

This involves it in four core activities: distributing and accounting for public monies, quality assurance, strategic thinking and advice, and the implementation of strategies.

- 2.6. The UGC has in the past described its role as an ‘honest broker’ which safeguards the academic autonomy of the institutions on the one hand, and ensures value for money for taxpayers on the other. The term ‘broker’ was intended to convey both the place of the UGC and the type of role it plays. Its place is at the interface between the institutions and society (most commonly represented by the Government). Its role requires the exercise of considerable judgement to promote responsible understanding between the institutions and society. To maintain its place and perform its role the UGC must have open channels to both the Government and the institutions since it offers advice to, and receives advice from, both.
- 2.7. In this intermediary role the UGC has also been described as a ‘buffer’. Like the term ‘broker’ this is intended to convey the fact that it stands between the Government and the institutions. It protects the institutions from political interference with their internal management, and it protects members of staff from limitations on their lines of enquiry or expressions of opinion. At the same time it ensures that the institutions remain responsible to the society which provides their mandate and funding.
- 2.8. One important ingredient in this intermediate role is to ensure impartiality in the judgements it makes on the use of public funds. Its impartiality extends to specific courses offered by institutions, and the style in which they are presented. These are rightly internal matters for the institutions. But impartiality does not mean homogeneous, equal or undifferentiated funding of the institutions. The UGC makes decisions which differentiate between the institutions, and which influence – at a macro level – the types of courses offered and the research that is conducted. In the light of Recommendation 1 above, there is a need for the UGC to take a more proactive role in steering the sector by means of strategic planning, and also in the provision of strategic advice to the Government.
- 2.9. At present, once the UGC recommends a triennial recurrent block grant, that money comes with very few strings attached. Institutions have wide discretion and autonomy in its use. This ensures academic freedom, and institutional autonomy that is the foundation for responsive and efficient institutions. Similarly, an effective system is in place for capital funding to ensure that infrastructural investments are made strategically. Having said that, there is room for greater coordination between the UGC and the Government in order to minimise duplication of efforts on the part of the latter.
- 2.10. The UGC must balance a range of tensions to perform its role. Staff and institutions are funded by public money, but society expects that their academic freedom to choose what to research and teach will be constantly balanced with the policy and economic objectives that are endorsed for the SAR. On top of that, many academics would feel that they have a duty and responsibility to contribute to the society in which they live. This is a delicate and evolving balance that calls for expert peer judgement and subtle steering, not intrusive decisions by fiat. In this connection, it is important for members of the UGC to come from diverse sections of the local and international communities. Overseas members, in particular, provide a perspective and a benchmark for institutions that are competing on the world stage.

- 2.11. The institutions must also provide value for money, and in so doing balance their institutional freedom with public accountability. Heads of Institutions are officially accounting officers for their organisations and are obliged to sign a certificate of accountability annually for the disbursement of public money. But again, their position requires them to balance this obligation with leading and nurturing the vital characteristics of innovation, creativity and responsiveness.
- 2.12. There are other crucial balances. Higher education remains a rationed good accessed by a minority of people, but it confers substantial private as well as public benefits, and is funded by all taxpayers in society. As education is such a crucial formative process for the development of a person, and can properly be seen as a right rather than a privilege, the UGC must endeavour to balance a system which produces high quality outcomes for the best students, with respect for equality of access and inputs to all.
- 2.13. The response to these tensions has been a complex set of checks and balances. Not surprisingly, these have simultaneous strengths and weaknesses. Which predominates overall remains a critical question, and it will change over time. The UGC is aware that similar bodies to it, or bodies with parallel functions, in New Zealand, Australia and the United Kingdom, have been replaced by alternative arrangements. In their attempt to maximise the benefits of higher education for their societies, each of these countries has facilitated an evolution of the grants committee system to arrangements that provide a better fit for its local political, economic and cultural environment.
- 2.14. For this reason, the UGC in Hong Kong determined that it should debate and review its simultaneous strengths and weaknesses. It would fall short in its review of higher education if the UGC did not extend an examination to itself. What has emerged, in the course of consultations and interviews, is that the UGC should enhance its process and performance to ensure that it is best placed to respond to emerging trends and future changes in a proactive manner. This could be achieved by strengthening its role in strategic planning and policy development, so as to advise and steer the degree awarding sector. As a funding body it would remain responsible for the current eight institutions. The aim then, in examining the role of the UGC, is to put the test of relevance on it, and at the very least to improve performance and to increase transparency.
- 2.15. It is important, at this point of major change and development in the Hong Kong education map, that the UGC re-state its role in the changing landscape. Once decisions have been reached on the future landscape of the post-secondary sector, the UGC will have some soul searching to do.

Recommendation 2:

That, as the new landscape of the post-secondary sector is defined, the UGC conduct an internal review of its procedures, and publish a clear statement of its responsibilities in the light of new challenges, emphasising an enhanced strategic role for steering the higher education sector.

- 2.16. The UGC is keenly aware that in Hong Kong, as in elsewhere, there are demands for greater accountability and transparency from public sector bodies, and it has already responded positively to such demands by, for example, making public the funding

formula, and putting its Notes on Procedures on the web. The publication of the 1996 report on the previous Higher Education Review was in fact the UGC's first major step towards greater transparency. It is incumbent on the UGC to be alert to changing expectations and to continue to operate in a transparent manner. Similarly, institutions are urged to publish statements of their own responsibilities, so that the respective roles and functions of the funding body and the funded institutions are clear in the minds of the public.

- 2.17. There is a clear need for related and comparable governance arrangements to be made for the new sector which will provide programmes at associate degree level. The proper responsibility for that lies elsewhere, but the higher education sector has sufficient interest in this to offer one or two points for further discussion.
- 2.18. The first is that the evidence submitted to this review has consistently stressed the importance of not diluting the responsibilities of the UGC for the universities. The specialist needs of first degree and postgraduate studies and research would mean that a body that covered also associate degrees would be unacceptably large. A clear and effective division of labour would be to allocate responsibilities for all work at degree level to the UGC, and to create a Further Education Council (FEC) to be responsible for work at the associate degree level. This Council will need to work with both the UGC and the body governing the vocational education and training sector. It could also extend its remit eventually to cover continuing education currently provided in the extension and outreach departments of the universities. This leads me to make a further recommendation.

Recommendation 3:

That a Further Education Council be established to oversee the provision of programmes at associate degree and comparable levels by both public and private providers.

- 2.19. The intention of the Government is that for the majority of activity, associate degrees should be self-financing. Employers might well see advantage in supporting employees in this matter. However, the evidence from elsewhere is that private sector providers focus upon courses that offer a high market volume and low cost courses. Other courses without an immediate market appeal or having higher costs may be needed for strategic purposes. Therefore, it is important for some associate degree programmes, in this predominantly private sector, to remain publicly funded if they are to survive. Courses that have high start up and maintenance costs requiring access to well-equipped laboratories or sophisticated equipment, courses that meet specific manpower needs or courses which are regarded as 'endangered species' all need to be protected and remain publicly funded. However, it must be stressed that money to support these programmes has to be ring-fenced so that they are not cross-subsidised by other areas of university activity. In all such cases a bid system and review process will be necessary.
- 2.20. It is worth remembering that at present three of the UGC-funded institutions have major commitments in offering associate degree and sub-degree programmes that are publicly-funded. On the one hand, this provides a platform for an element of mission differentiation for those institutions. On the other hand, they can model best practice for

other providers who wish to participate in the development of associate degrees and equivalent qualifications.

- 2.21. Notwithstanding that there be such a separate body with distinct responsibilities governing associate degrees, the higher education sector and the UGC will have a strong interest in seeing its successful launch and continuing operation and will want to share such relevant experience and help as it can. Accordingly, the UGC could play a strong support role in the establishment and initial development of the FEC. One possible approach could be for the UGC to act as a parent to the FEC in its establishment, in a similar fashion to its relationship with the RGC. If this approach is adopted, there will need to be a well-defined migration strategy and a clear timescale for the FEC to become fully independent.
- 2.22. It is worth reiterating that any public sector funds used to support associate degrees and community colleges should be accounted for quite separately from any UGC funds to support degree level work, and that there be no cross subsidy. This ring-fenced separation is needed to provide a level playing field for all providers of associate degrees, be they current or potential, private or public. In this connection, universities will need to establish principles and rules to enable their community colleges to flourish with an appropriate degree of academic and financial independence from their parent universities.

Recommendation 4:

That clear lines of financial accountability be established for all public sector funds used to support programmes at associate degree level, consistent with the Government's intention that associate degrees be predominantly funded by the private sector.

- 2.23. In the interests of facilitating the award of credits to students with associate degrees who seek entrance to advanced years of first degree programmes, it is important that there be a rigorous and credible quality assurance mechanism, which judges outputs as well as processes, across the whole community college sector, whether publicly or privately based. For those community colleges associated with a UGC-funded institution, the quality assurance mechanism could be managed by franchising arrangements between the institution and its community college, based on a common framework developed across the institutions under the guidance of the UGC and the proposed FEC. One possibility would be for the institutions to create a joint, self-financing body whose principal function is to look after qualifications offered by these franchises and those of other providers. There are details that have to be worked out, not least the role which an accrediting body like the Hong Kong Council for Academic Accreditation (HKCAA) would play in such a scenario. For the purpose of this report, it is my intention to offer a more general recommendation.

Recommendation 5:

That an adequate quality assurance system be established to oversee all programmes at associate degree level.

2.24. If such arrangements for the new community college sector are put in place, there will be a need for a strategic overview and consequent coordination of activities across the whole post-secondary sector. It is for others to make decisions on these matters, but under current arrangements the EMB must have a central role. That being so, the Secretary for Education and Manpower may wish to put in place such coordinating and advisory mechanisms, as are deemed necessary, to advise on policy and strategic matters that cover the whole post-secondary sector, for example, the interface with the school sector, and articulation arrangements such as a credit accumulation and transfer scheme (CATS). The UGC, as a body with directly delegated powers and responsibilities, with specific remit for funding the higher education sector, will obviously play a significant role in such mechanisms.