

## Education and Manpower Bureau Circular Memorandum No. 173/2005

From: Permanent Secretary for Education and Manpower  
Ref: EMB(SAS)F&A/65/08/2  
Date: 20 August 2005

To: Supervisors of all aided schools and persons-in-charge of school sponsoring bodies  
c.c.: Supervisors/Heads of government, Direct Subsidy Scheme and Caput schools  
Heads of sections – for information

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### Support Measures and Funding Flexibility for the Establishment and Operation of Incorporated Management Committees

#### SUMMARY

This circular memorandum informs schools and school sponsoring bodies (SSB) that the Education and Manpower Bureau (EMB) will implement new support measures to help aided schools establish incorporated management committees (IMCs) and devolve greater funding flexibility to schools which have established an IMC.

#### DETAILS

2. The Education Ordinance stipulates that all aided schools shall submit a draft IMC constitution by 1 July 2009 for the purpose of establishing an IMC to manage the school. The IMC shall consist of key stakeholders including representatives of SSB, the principal, members of the community, elected representatives of parents, teachers and past students, to facilitate participatory decision-making, enhancing the transparency and accountability of school management. In addition to the existing support measures to help schools establish IMCs, the Finance Committee of the Legislative Council approved the proposal to provide a one-off cash grant and further funding flexibility for IMC schools.

#### One-off Cash Grant

3. To assist schools in handling school-specific matters in establishing an IMC, EMB will, from the 2005/06 to the 2008/09 school years, provide a cash grant of HK\$350,000 to each aided school by two equal payments at the time when it pledges to establish the IMC within the school year and submits a draft IMC constitution respectively. Details of the grant are set out at <http://www.emb.gov.hk/oneoff-e>.

4. For schools which plan to establish an IMC in the 2005/06 school year, please complete the attached **Reply Proforma** and send it to the School-based

Management Section **on or before 30 September 2005** and EMB will arrange payment of the cash grant in October/November 2005. For schools which have already submitted a draft IMC constitution or issued a certificate of incorporation in the 2004/05 school year, they will receive the cash grant in September 2005.

### Funding Flexibility

5. Aided schools that have established an IMC will be provided with greater funding flexibility to take forward school-based management. To this end, we will provide the Expanded Operating Expenses Block Grant (OEBG) and Teacher Relief Grant (TRG) to IMC schools in the school year following their establishment of IMCs.

6. The salient features of the Expanded OEBG include:

- (a) More non-salary recurrent grants that are formerly outside OEBG are included in the Expanded OEBG.
- (b) There is no demarcation between the General and Special Domains. The Expanded OEBG is provided as one block grant and cover ambits of all its constituent grants.
- (c) IMC schools may use the surplus of the Expanded OEBG to top up -
  - (i) non-recurrent expenses for projects approved/funded by EMB;
  - (ii) not more than 50% of recurrent expenses arising from government-funded projects; and
  - (iii) not more than 25% of recurrent expenses arising from furniture and equipment and other facilities or educational services acquired through private donations or other fund-raising schemes.

7. Schools should establish proper procedures, objective criteria and clear approving authority for transferring the surplus out of the Expanded OEBG. Please visit <http://www.emb.gov.hk/eoebg-e> for details of the ambits, features, principles and rules of usage, computation and adjustment, uses, surplus retention and accounting arrangements of the Expanded OEBG.

8. The TRG consists of two components as follows:

- (a) a basic component for the appointment of supply teachers to cover approved leave of teachers of less than 30 days; and
- (b) an optional component, for encashment, under the respective enhanced rates of the Substitute Teacher Grant, of up to a maximum of 10% of the teaching establishment, on a temporary or permanent basis.

Schools will have full flexibility in using the TRG to employ temporary teaching-related staff and procure education-related services, organize staff professional development and student learning activities. Details of the TRG are set out at <http://www.emb.gov.hk/trg-e>.

## Accountability

9. An IMC of a school is responsible for the management, administration and operation of the school. Being in the capacity of a trustee to handle funds and assets received from the Government, the IMC therefore is obliged to hold accountability for any improper use of the public resources. In addition, the IMC is also required to submit to EMB its annual accounts including the information as required by EMB, which should be audited by a certified public accountant (practising) as defined in the Professional Accountants Ordinance (Cap. 50).

10. In exercising the funding flexibility of the Expanded OEBG and TRG, IMCs should be prudent and always put students' interest as the first priority. IMCs are reminded to deploy their resources in a cost-effective manner to meet the needs of students and various policy priorities. Expenditures incurred should be reasonable and necessary for educational purposes. IMCs are also advised to adopt the practices of good employers. (Please refer to the [Education and Manpower Bureau Circular Memorandum No. 161/2005.](#))

## IMC Liability Insurance

11. The Education Ordinance has provided legal protection for IMCs. Being a separate legal entity, the IMC shall be responsible for any legal liability relating to management of the school. For individual managers, they shall not incur any civil liability in respect of anything done in the performance of their function as a manager if they have acted in good faith. Nonetheless, to provide further protection to IMCs and their managers, we have taken out an insurance policy to indemnify the liability of IMCs and their managers from any claims against their wrongful acts in performing their duties in school management. The insurance will cover management liability, vicarious educator liability and employment related matters. Details of the IMC Liability Insurance are available at <http://www.emb.gov.hk/imcli-e>.

## Direct Subsidy Scheme (DSS) Schools and Caput Schools

12. As DSS and Caput schools are subsidized in a funding model different from aided schools, the Expanded OEBG and TRG are not applicable to them. For DSS schools, their levels of funding are related to the average unit cost of students in aided schools. As a result of the additional expenditure arising from the establishment of IMCs and the provision of IMC Liability Insurance Policy, the unit cost of students in aided schools will increase. DSS schools which have established an IMC will be provided with an enhanced DSS subsidy rate.

13. For Caput schools opting to establish an IMC, if there are additional expenditures arising from establishment of IMCs, they may apply to EMB to reflect such expenditure in their fees subsidies or other related grants. When their IMCs are established, they will be covered under the IMC Liability Insurance Policy.

## Briefing Sessions

14. We have arranged four identical briefing sessions for schools on the above new measures and funding flexibility, which are as follows:

<b>Session</b>	<b>Date and Time</b>	<b>Venue</b>
1	17 September 2005 (Saturday) 9:00 a.m. to 12:00 noon	Queen Elizabeth School 152 Sai Yee Street Mongkok Kowloon
2	20 September 2005 (Tuesday) 2:00 p.m. to 5:00 p.m.	Queen's College 120 Causeway Road Causeway Bay Hong Kong
3	21 September 2005 (Wednesday) 2:00 p.m. to 5:00 p.m.	GCC&ITKD Lau Pak Lok Secondary School 1 Chik Tai Lane, Tai Wai New Territories
4	23 September 2005 (Friday) 2:00 p.m. to 5:00 p.m.	Tsuen Wan Government Secondary School 70 Hoi Pa Street Tsuen Wan New Territories

15. Each school and school sponsoring body is invited to send one or two representatives to attend one of the briefing sessions. Please complete the registration slip attached and fax it to the School Administration and Support Division on or before **12 September 2005 (Monday)**.

## **ENQUIRY**

16. For enquiry on the briefing sessions, please contact School Administration and Support Division at 2892 5752 or 2892 6429. For enquiry on the establishment of IMCs, please contact School-based Management Section at 2892 6658. For matters related to the Expanded OEBG and TRG, please contact the respective Senior School Development Officers.

Mrs Betty IP  
for Permanent Secretary for Education and Manpower

**Registration Slip**  
(Please return on or before 12 September 2005)

To : School Administration and Support Division  
Education and Manpower Bureau

Fax No. : 2893 1461

**Briefing Session on**  
**Funding Flexibility and Support Measures for the Establishment**  
**and Operation of Incorporated Management Committees**

- Our school/sponsoring body would attend the briefing session on:
- 17 September 2005 (Saturday)       20 September 2005 (Tuesday)
- 21 September 2005 (Wednesday)       23 September 2005 (Friday)

The representatives of our school/sponsoring body are:

	Name	Post
1.		
2.		

- Our school/sponsoring body would not be able to attend the briefing session.

Name of school/sponsoring body : \_\_\_\_\_

Name of Principal / contact person : \_\_\_\_\_

Tel. no. : \_\_\_\_\_

**Remarks :**

1. Special Arrangements for Bad Weather
  - a. Briefing for morning session will be cancelled when Typhoon Signed No.8 or above is hoisted or Black Rainstorm Warning Signal is issued at or after 6:30 a.m.
  - b. Briefing for afternoon session will be resumed when Typhoon Signed No.8 or above or Black Rainstorm Warning Signal is cancelled at or before 11:30 a.m. Otherwise, briefing for afternoon session will continue to be cancelled.
  - c. Upon cancellation of the briefing session, participants will be notified for further arrangement in due course.
2. **NO** car parks will be provided at the venue.

**Reply Proforma**

(Please return on or before 30 September 2005)

To: School-based Management Section  
(Fax No.: 2891 0512 or 2574 5509)

**Notification to Set up  
Incorporated Management Committees (IMC)**

Our school plans to establish an IMC and pledges to submit a draft IMC constitution according to the time schedule listed below. We will also submit a list of proposed managers of the school within two months after the draft constitution has been approved.

<b>Time Schedule to submit the draft IMC Constitution</b>	<b>Choice</b> ( Please “✓” the appropriate box.)
1. Already submitted before 31 August 2005	<input type="checkbox"/>
2. According to the following time schedule within the 2005/06 school year:  ➤ Sep 2005 - Nov 2005  ➤ Dec 2005 - Feb 2006  ➤ Mar 2006 - May 2006  ➤ June 2006 - Aug 2006	 <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>  <input type="checkbox"/>

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School Name

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Signature of Supervisor

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School Chop

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Name of Supervisor

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School Telephone Number

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Date