UNIVERSITY GRANTS COMMITTEE
OF HONG KONG

MANAGEMENT REVIEW

of

CITY UNIVERSITY OF HONG KONG

January 1999

Management Review of the City University of Hong Kong

Table of Contents

Introduction

1. This report presents the key findings and recommendations of the UGC Review Panel following its visit to the City University of Hong Kong (hereafter CityU) in August 1998. This visit was preceded by preliminary information collection and analysis undertaken by PricewaterhouseCoopers consultants involving the review of key documentation related to CityU's management processes and 22 interviews with academic and administrative staff throughout the institution. The latter were undertaken over a four day period in June 1998. The results of this background research were presented to the Review Panel (hereafter the ''Panel'') in a briefing paper in advance of the Panel visit.

2. The Panel visit consisted of a number of group and individual interviews and discussions with members of the senior management of CityU, including the Council. A list of the people met during the visit is provided in Annex A; the members of the Panel are listed in Annex B.

3. The overall framework for the Management Reviews is described in detail in Annex C. This indicates that, in undertaking this and other management reviews, the Management Review Steering Group (MRSG) recognises the diversity in the existing management structures and processes of individual institutions stemming from their different missions, histories and cultures. For this reason, it considers that it would be wrong for any review to seek to impose a uniform management style across different institutions. The MRSG therefore distinguishes between the principles of good management (as it perceives them) and the form in which these principles are (or perhaps, are not) put in place. A number of generic principles of good management were identified in consultation with the Consultative Group of institutional representatives and distributed to City U in advance of the visit. These are listed in Annex D.

4. Following a general introduction to CityU, this report is structured under the following six headings (consistent with the grouping of the good management principles):

   - strategic planning;

   - resource allocation;

   - implementation;

   - roles, responsibilities and training;

   - service delivery;

   - management information and systems.

City University - general introduction

5. The City Polytechnic of Hong Kong was established in 1984 and was granted university status in 1994, becoming the City University of Hong Kong. CityU's stated mission incorporates the following objectives:

- To provide its students with quality higher education;

- To contribute to the advancement of knowledge;

- To interact with other institutions of higher education and professional bodies;

- To cooperate with industry, commerce and the community; and

- To offer access to the University's human, physical and technological resources for the benefit of society.

6. The University places particular emphasis on professional education and practice, applied research and being responsive to local and regional needs.

7. In 1997-98, the University had 13,479 fte sub-degree, undergraduate and postgraduate students, some 790 academic staff members and 1,787 non academic staff. The University has three faculties - Business, Humanities and Social Sciences, Science and Engineering with 22 academic departments/divisions, the School of Law, the School of Creative Media, the School of Graduate Studies and the School of Continuing and Professional Education. The University also has a College of Higher Vocational Studies offering sub-degree and professional education.

8. The President is the chief executive officer. The principal sections of the University are Education, Research, Planning and Information Services, Institutional Advancement and Business and Finance (as shown in Figure 1 below). Each section is headed by a Vice President and has functional responsibility for particular areas of activity.

City University of Hong Kong   **Figure 1**

Management Structure
(as at 1 June 1998)
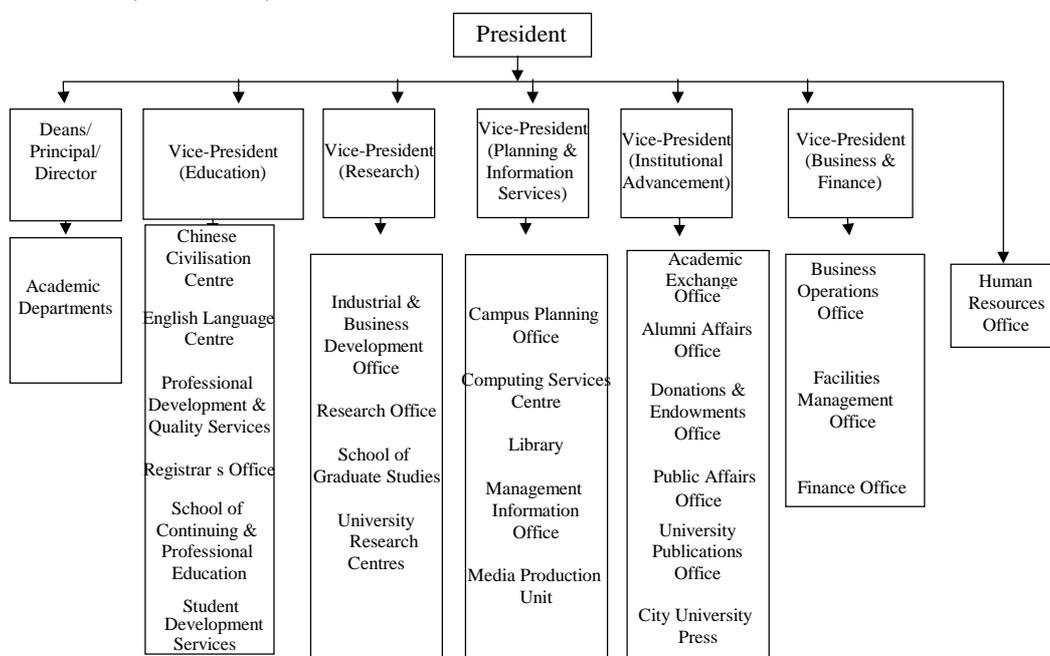
9. The University's committee structure is presented in Figure 2 below. The three major elements are the external governance committees that report to the Council, the academic committees that report to the Senate and the administrative committees that report to the Management Board. The Management Board is a key committee and is described as the bridge between the Council and the Senate.

City University of Hong Kong   **Figure 2**
Committee Structure
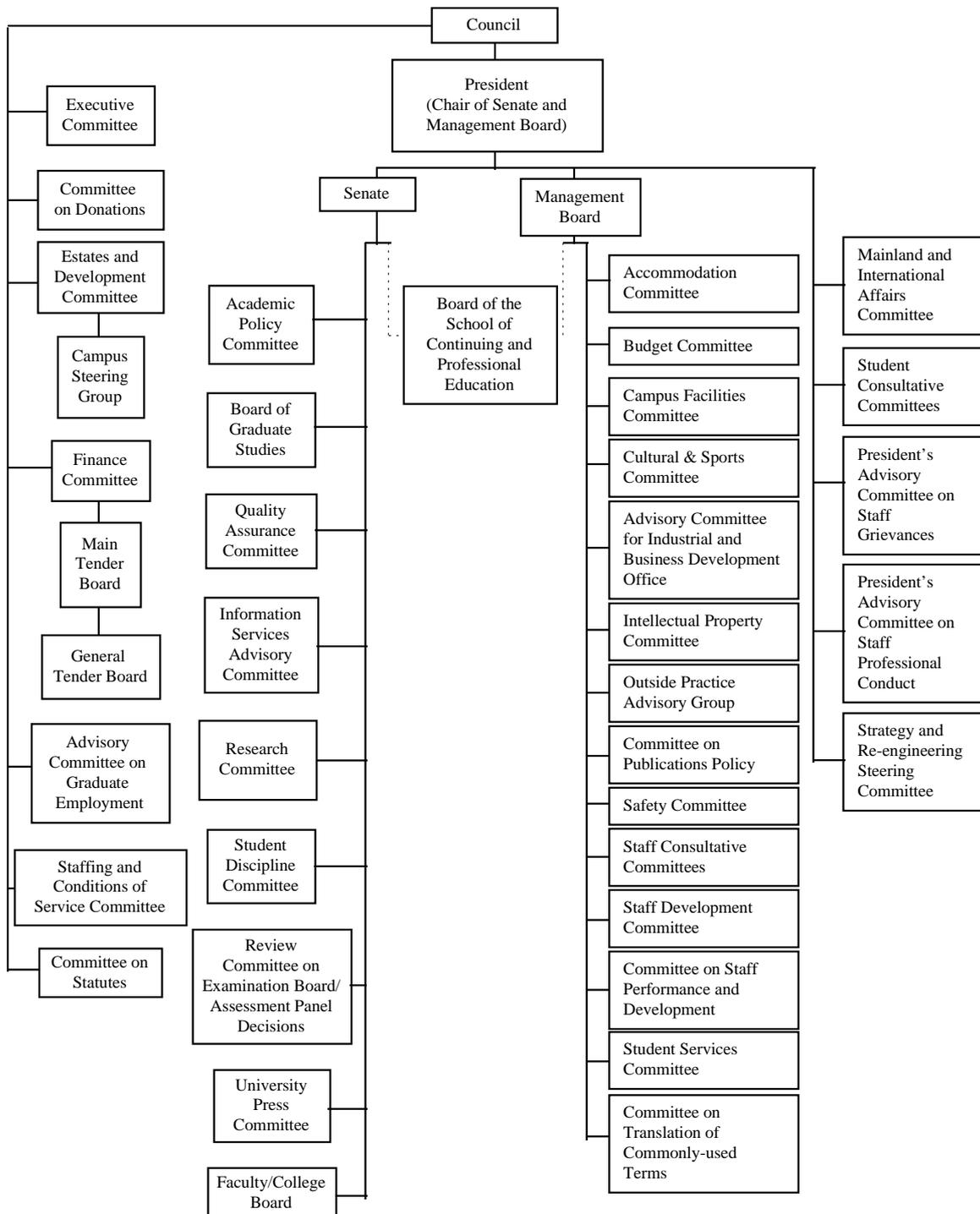
10. CityU has undergone a number of significant changes over the last few years including the introduction of new management structures and processes appropriate to a self-accrediting university. The Panel commends the University for its success to date in making these changes and the strong leadership and sense of collective team spirit which has made these possible. It was also pleased to observe high level of self-awareness within the University about its state of development. For example, the President identified the strong sense of ownership of the strategic plan as a key strength, but the over-emphasis on systems of control within parts of the University as a possible weakness. As a part of the review process, it considers the capacity of CityU to move forward in addressing any areas of weakness relating to management processes and makes some recommendations for further performance improvement.

Strategic planning processes

11. The Panel observed that CityU has a detailed strategic plan which is clearly consistent with the University's mission. This strategic plan is the University's first and the President has been a key player in its development since his appointment in 1996. The strategic plan sets out 8 major goals and outlines the AURORA strategy as the means of achieving these goals. This covers the following areas:

    a) Ambience for intellectual and personal growth;

    b) Undergraduate Curriculum;

    c) Research;

    d) Outreach;

    e) Reward System;

    f) Accountability.

12. The Panel observed that, in developing the plan, the senior management drew extensively upon both internal and external contributions. Internally, the development of the plan was based on the work of seven institution-wide Task Forces whose recommendations were considered at an open forum with all senior staff and the President. The plan was also informed by external consultations, for example, via the Departmental Advisory Committees (made up of senior industry representatives), a survey of secondary school teachers and discussions with community leaders, alumni and Council members.

13. CityU has been successful in combining this participative approach with strong top-down strategic thrusts to initiate projects in priority areas, for example, with the establishment of the new School of Creative Media. The combination of staff involvement, effective communication and strong leadership from the President and his senior management team, has been very effective in generating a strong sense of ownership of the plan across the institution. The Panel shares the President's view that this represents one of CityU's key strengths and will be critical to its capacity to realise its strategic goals in the future. While not all units have developed plans in relation to AURORA, the Panel observed that most have sought to respond proactively at least to elements of the strategy. It also

observed that the use of the acronym ''AURORA'' has helped to strengthen this sense of ownership as well institutional memory of the strategic plan.

14. However, despite CityU's success in identifying and promoting understanding of its strategy, the Panel found some evidence of obstacles to implementation on the ground stemming from an over-emphasis on systems of control within parts of the University. (This is discussed further in the sections ''Resource Allocation'' and ''Implementation of plans). It recommends that CityU place more emphasis on linking AURORA to operational plans and implementation to ensure that the strategy is realised in practice.

15. In terms of the content of AURORA, the Panel suggests that there is a need for clearer articulation of the relative priority attached to different elements of the plan - particularly the relative emphasis on teaching versus research - to help guard against mission drift and to guide resource allocation decisions. This is likely to be increasingly important as CityU enters a period of relative austerity and is required to make more difficult choices between alternatives. It also suggests that CityU seek to emphasise the differences between itself and other Hong Kong higher education institutions by increasing its selectivity and focusing of specific areas of strength.

16. Lastly, the Panel also noted that some elements of the strategy may require more detailed articulation (e.g. the rewards scheme) with qualitative and quantitative measures to allow for effective monitoring.

Conclusions

17. The Panel commends CityU for its success in developing a well articulated strategic plan and for achieving a strong sense of ownership of the plan across the institution. The AURORA strategy appears to be widely understood and to inform planning at faculty and departmental level. The Panel noted that strong leadership and effective communication combined with a participative approach to planning have been instrumental in this achievement.

18. In moving forward, the Panel suggests that CityU could benefit from clearer articulation of the relative priority attached to different elements of the plan as well as further development of certain elements (e.g. the rewards scheme). The Panel also recommends that CityU place more emphasis on linking AURORA to operational plans and implementation to ensure that the strategy is realised in practice.

Resource allocation

19. This section considers the resource allocation processes within CityU covering issues such as the level of transparency in the distribution of funds and the extent to which the resource allocation mechanisms provide incentives for increased value for money. The discussion is structured under the following headings:

- Link between resource allocation and strategic planning;

- Transparency in the allocation of resources;

- Incentives for value for money;

- Levels of devolved autonomy.

Link between resource allocation and strategic planning

20. The allocation of resources within CityU has, to date, been largely formula driven based on perceived UGC guidelines. Due to the diversity of institutional roles and missions, the UGC does not publish any such funding formulae guidelines. The Panel is concerned that the formula does not allow sufficient flexibility to take account of the institution's specific mission and strategy and the particular needs of different departments. This concern appears to be shared by a number of academic staff who expressed a desire for greater selectivity and use of judgement in the distribution of resources.

21. The Panel understands that the University holds annual "Budget Hearings" which are intended to address these concerns by providing the opportunity to shift resources between different areas before the budget is approved by the Management Board. The Panel commends CityU for introducing the "Budget Hearings" and urges the senior management to ensure that they provide a genuine opportunity to steer resources in line with strategic intent (rather than to take account of ''one-off'' developments) and to recognise the particular needs of different departments. To this end, it suggests that it might be necessary to earmark a proportion of the formula funding for distribution at the hearings.

22. More generally, the Panel recommends that CityU consider whether it may benefit from adjusting the balance between the use of formulae and the making of judgmental decisions to allow for a closer link between strategic planning and resource allocation. It may also wish to consider whether the components of the existing formula could be adjusted to reflect more closely CityU's mission and unique characteristics.

Transparency in the allocation of resources

23. As noted above, the allocation of the resources to academic departments is largely formula driven based on perceived UGC allocation guidelines in relation to teaching commitments and research performance. The Panel was pleased to find that this formula mechanism is relatively transparent and generally understood across the University. CityU will need to ensure that the process for adjusting formula allocations via the "Budget Hearings" is also clearly understood. To this end, it may be helpful to identify criteria and guidelines to assist Deans in making justifications for additional funds.

24. In addition to the above formula element, the University top-slices the total block grant (approximately 20-25% excluding institutional expenses) to resource non academic departments and uses top-slicing to fund a number of institution-wide initiatives as follows:

- President's Reserve (5% of the total block grant);

- Matching Fund for Professors;

- Eminent Professors Fund;

- Central Fund for Promotions;

- Research Centres;

- Funds for specific initiatives.

25. From the next triennium, the Panel understands that each Vice President will also receive a reserve fund which will be top-sliced from the block grant.

26. The Panel recognises the critical role of top-slicing in allowing for the steering of resources outside the formula allocations. However, the Panel would wish to advise the University to ensure that priorities for non-formula funding are clearly articulated so that the allocation of top-sliced funds is also transparent and understood across the institution.

Incentives for value for money and performance improvement

27. The resource allocation formula used by the University is considered to have in-built incentives for increased value for money within academic units. In terms of research, base funds are allocated on the basis of the results of the UGC Research Assessment Exercise. In addition, CityU is in the process of introducing a three tier system of research centres at the University, Faculty and Departmental levels with differential levels of funding in each case. The University anticipates that this system will provide incentives for performance improvement by encouraging competition for the higher levels of funding associated with the higher tiers. The intention is that under-performing centres will also be ''demoted'' to a lower tier.

28. The Panel sees this initiative as a potentially effective mechanism for encouraging performance improvement in research and allowing for the steering of resources towards priority areas. However it urges CityU to ensure that the system is used to promote research in areas consistent with the institution's mission and strategic priorities, even though this may not be in accordance with the results of the Research Assessment Exercise. The UGC has repeatedly stressed that the RAE results may not fully reflect the institutional priorities of institutions with different roles and missions and they should therefore not be used as a substitute for institutional strategic decision-making.

29. In terms of teaching, it was reported that the allocation of resources, based on departmental student load, provides some incentive for cost effectiveness in teaching. However, a number of academic staff expressed concern that the system does not adequately recognise excellence in teaching and non-traditional areas of scholarly activity (e.g. development of interactive learning modes). The Panel recognises this issue may be addressed outside the funding formula allocation and that CityU has already begun to do so with the introduction of the Teaching Excellence Awards and the consideration of other schemes (e.g. improved terms and conditions and central floating posts for high performers). The Panel urges the University to continue to seek to find new ways of identifying and rewarding different types of excellence in scholarship in the future as a means of realising its AURORA strategy – particularly the ''Ambience'' and ''Reward'' elements.

30. Regarding non-academic departments, CityU is seeking progressively to reduce their total share of expenditure with reductions of 5% per year over the last 3 years and further reductions of 3% per annum planned for the next triennium. The Panel was interested to note that CityU has introduced a series of re-engineering and benchmarking initiatives to improve efficiency and productivity in support of this and recognises CityU's significant success in instilling a strong awareness of value for money issues in a number of departments. This is likely to be re-enforced by the recent appointment of an internal auditor to undertake value for money studies. However, the Panel shares the President's concern that performance improvement has been constrained in some areas by an over-emphasis on systems of control which has resulted, in some cases, in the development of a ''gate-keeping'' mentality and culture. It urges CityU to address this by continuing to work towards a more ''output'' orientated approach to service delivery across the administration.

Level of devolved autonomy

31. CityU has introduced a relatively high level of devolved responsibility for budgeting. Following the distribution of resources between faculties, Deans have the authority to assign budgets to their constituent departments according to their own criteria. It was reported that some Deans have introduced their own formulae for resource allocation while others have mimicked the University-wide formula. Deans also have the option of top-slicing the block grants to create reserve or contingency funds to support faculty initiatives, to provide contingency funds to deal with unexpected/ad hoc demands for resource and to provide the matching resources for University ''special'' funds. Budget units have flexibility in viring between the staffing and non-staffing budget and may carry forward unspent balances, up to a specified level, for specific purposes.

32. The Panel supports the principle of devolved budgeting and recognises its benefits within CityU. However, it is concerned that the current system allows the Deans too much freedom in strategic matters resulting in the development of different approaches across the institution which are not all consistent with the overall strategy. It is at this level where obstacles to the implementation of the strategy may occur. The Panel therefore recommends closer oversight of Faculty activities (possibly via the planning process) to ensure that the AURORA strategy is consistently followed and implemented. However, it emphasises the importance of ensuring that the reporting system is focused on outputs and does not place heavy and overly bureaucratic demands on the Faculty management.

Conclusions

33. The Panel found that CityU's resource allocation system generally works well and is well understood across the University. However, it is concerned that the current formula-driven system does not allow sufficient scope for steering resources in line with strategic priorities nor for recognising the different needs of different departments. This concern is shared by a number of senior staff within CityU who have articulated a desire for further refinement and sophistication in the resource allocation mechanism.

34. In addressing this concern, the Panel recommends that CityU review the balance between the use of formulae and the making of judgmental decisions as well as the component parts of the existing formulae with a view to allowing for greater leverage and selectivity

in funding. It recognises that the new "Budget Hearings" may play an important role in the process and urges the University to ensure that they are used to steer resources in line with strategic intent.

35. In terms of incentives for value for money, the Panel was pleased to note that CityU has introduced a number of new initiatives to promote performance improvement such as the tiered research centre structure and the appointment of an internal auditor to undertake value for money studies. However, it found that the mechanisms for promoting excellence in teaching and non-traditional areas of scholarship are under-developed and urges the University to address this as a matter of priority as a means of realising its AURORA strategy – particularly the ''Ambience'' and ''Reward'' elements.

36. Lastly, the Panel has some concerns about the level of devolved autonomy to Deans in strategic matters; and recommends that CityU review whether there is sufficient oversight of Faculty activities to ensure consistency with the overall strategy.

Implementation of plans

37. This brief section focuses on several key elements of implementation including the allocation of responsibility for plan implementation, monitoring arrangements and the use of milestones and performance measures.

38. The Panel was pleased to observe that most units and departments have used the strategic plan to inform their own planning although it observed that not all departments have developed documented plans in response to AURORA. Where plans do exist, the allocation of responsibilities for plan implementation and tasks is generally clear. More generally, academic and non-academic staff administrators appear to readily acknowledge and understand their own responsibilities.

39. In terms of monitoring arrangements, it was reported that the Management Board undertakes regular progress reviews of the strategic plan in terms of achieving the six elements of the AURORA strategy. In addition, the Finance Committee of Council monitors expenditure triennially and the Budget Committee monitors expenditure (four times per year) and makes recommendations to the Management Board. These budget reviews are considered to be the most important mechanism for monitoring performance.

40. While the Panel recognises the importance of the budgetary review process, it has some concerns that the monitoring arrangements across CityU are too financial in focus. It suggests that CityU could benefit from the articulation of more non-financial performance indicators particularly on the academic side. More generally, it has some concerns that the senior management has insufficient oversight of whether CityU's strategic plan is being implemented locally.

41. Lastly, the Panel also noted that, while some non-academic departments have clear service targets, others do not. It recommends that the University consider introducing these across the administration to facilitate effective monitoring in the future.

Conclusions

42. The Panel observed clear lines of responsibility for the implementation of plans in most areas as well as examples of best practice in the use of performance targets in a number of non-academic units. However, it has concerns that university-wide monitoring may be too financial in focus and that senior management has insufficient oversight of whether CityU's strategic plan is being implemented locally.

Roles, responsibilities and training

43. This section focuses on the extent to which CityU's management, staffing and committee structures allow for strong lines of accountability and clarity in the distribution of tasks and responsibilities. It also looks at the human resource functions such the availability of relevant training and the effectiveness of staff appraisal systems. It is structured under the following headings:

   - accountability and distribution of tasks and responsibilities;

   - staff appointment and appraisal systems;

   - committee structures, membership and activities;

   - training provision for staff and committee members.

Accountability and the distribution of tasks and responsibilities

44. CityU has recently re-defined its management structure (as presented in Figure 1). The new organisational structure represents an evolution from the previous model which had sections for Academic Affairs, Institutional Advancement and Planning along with a number of non-academic departments which reported directly to the President. The organisational structure has been developed to split teaching and research and move away from the position where non-academic offices report directly to the President.

45. The senior management team of the Office of the President is made up of the President and the five Vice Presidents (two academic and three administrative) including a Vice-President for Education whose role is to act as a ''champion'' for students. The Panel recognises the importance of the latter post in a ''learning-centred'' institution and commends CityU for giving due emphasis to student needs within its new management structure.

46. The Panel was pleased to note that the lines of accountability and distribution of tasks within the new structure are clear and generally accepted by staff. However, the Panel noted a degree of uncertainty about the distribution of responsibilities for quality assurance in teaching and thinks this area could benefit from greater clarity particularly regarding the relative roles of the Vice-Presidents, Deans and Department Heads.

Staff appointment and appraisal systems

47. The Panel was pleased to note that CityU appears to have established a rigorous and systematic system for staff appointments, contract renewal, substantiation and promotion.

Academic staff appointments are considered at the departmental, faculty and university levels. Once appointed, academic staff are subject to reviews for contract renewal and substantiation (generally after 5 years) in accordance with the procedures approved by the Senate and against well-defined criteria at the department, faculty and University levels. The Committee of Substantiation is responsible for overseeing this process at University level and makes recommendations to Council.

48. The academic review process for contract renewal, substantiation and promotion involves a review of an individual's performance against key criteria as developed at the University level. Faculties and departments can develop their own more detailed criteria from these more general guidelines. The Panel noted that this review process appears to function effectively. However, it heard concerns from academic staff that the system does not adequately recognise and reward excellence in teaching and work in scholarly areas that are not of a non-traditional type. The Panel urges CityU to address this concern as a matter of priority. It may wish to consider introducing a metaphorical ''third'' leg to its ''walking on two legs'' strategy to emphasise these non-traditional but legitimate types of scholarly activity. The Panel thinks that CityU is in a uniquely strong position to ''break new ground'' in defining what these are and in rewarding them.

49. In addition to the above, the Panel has some serious concerns about the absence of an on-going appraisal system for academic staff which is both judgmental and developmental. The issue of staff appraisal for academic staff has been the subject of some considerable debate within CityU since the introduction of the Performance Planning, Appraisal and Development Scheme (PPAD) in 1995-6. The Panel understands that CityU has decided to exclude the ''judgmental'' component from its performance appraisal scheme. The implication is that, while performance is appraised at the end of the probationary period and on application for a promotion, there is no mechanism for identifying and managing poor performing staff at other times. The Panel sees this approach as inconsistent with the establishment of a responsive and performance orientated culture within CityU and urges CityU to work towards introducing an on-going and ''judgmental'' appraisal scheme for all academic staff as a matter of priority. If used properly, this may also be an effective lever for steering the overall direction of the University.

50. On the non-academic side, the Panel was pleased to note that all staff are subject to an annual appraisal which does incorporate both judgmental and developmental aspects. It was reported that this system is working well and will be linked to Best Performance Awards for non-academic staff.

51. Lastly, the Panel understands that CityU is considering the possibility of introducing new reward schemes for both academic and non-academic staff such as improved terms and conditions and central floating posts funded by the President's Reserve. The Panel recognises the value of such schemes in terms of motivating staff, but emphasises the importance of linking the rewards to clear and ''judgmental'' staff appraisals.

Committee structure, membership and activities

52. CityU's committee structure is presented in Figure 2. The Council is the supreme governing and executive body of the University with responsibility for co-ordinating all aspects of the planning and implementation process. The Senate is responsible for setting

academic policies, developing and reviewing academic programmes and regulating teaching and research.

53. The Management Board is the key interface between the governance and management structures of the University. The Management Board membership of 14 includes the President, Vice Presidents, Deans/Principal/Director and the Director of Human Resources and meets monthly. It has responsibility to review and approve long range plans and strategies for the development of the University and monitor progress in achieving these plans and deals with most major items covering strategic planning, resource allocation, implementation and service delivery. It was reported that the Management Board also performs a key function in ensuring the integration of monitoring across the different committees.

54. In terms of committee activities, the Panel was pleased to note that the committees have clear terms of reference and reporting arrangements and it is generally clear whether they are decision-making or advisory.

55. Regarding the number of committees, the Panel understands that a 1996 review resulted in the closure of some 100 committees. However, in spite of this, the Panel shares the President's concern about the relatively large number of remaining committees and the heavy committee workload of academic staff (particularly Deans). It recommends further reductions and the establishment of a formal and regular mechanism for the review of committee functions in the future.

56. In terms of committee membership, it was reported that committee members are chosen with reference to their experience and qualifications. The Vice President for Education is keen to see more student involvement and training for student representatives to enable them to participate more fully in the governance of the University. The Panel noted that the Senate has some 100 members and suggests that CityU consider whether a smaller committee could work more effectively.

Training provision for staff and committee members

57. Staff training is at the discretion of line managers and funded through the non-staffing budget. Each Head of Department can use his/her staff development budget according to internally determined priorities. The Professional Development and Quality Services (PDQS) unit provides training for both academic and non academic staff on areas such as effective teaching and learning technology. Academic staff are encouraged to attend theses training sessions to satisfy their development needs as identified in PPADs. In-house training is also provided by the Library, the Media Production Unit and the Computing Services Centre while non academic units have offered training and briefing sessions on the Executive Information System (EIS), the Oracle system etc.

58. There is no structured training or induction for new committee members nor is there any formal training for academic staff taking on committee chairmanship or management responsibilities. CityU may wish to consider whether such training could enhance the effectiveness of committee working.

Conclusions

59. The Panel observed that the lines of accountability and distribution of tasks within the new management structure are clear and generally accepted by staff. It was also pleased to note that CityU has established a rigorous and systematic system for staff appointments, contract renewal, substantiation and promotion. However, it has some serious concerns about the absence of an on-going appraisal system for academic staff which needs to incorporate both judgmental as well as development aspects.

60. In terms of the committee structure, the Panel was pleased to note that committees have clear terms of reference and reporting arrangements. However, it shares the President's concern about the large number of committees and recommends further reductions. It also emphasises the importance of establishing a formal mechanism to review the functions of committees on a periodic basis to ensure their usefulness.

Service delivery

61. This section looks at service delivery issues including the processes for reviewing services and re-engineering services, gaining user feedback and responding to external or internal audits. It is structured under the following headings:

- Re-engineering of services;

- Monitoring and use of customer feedback;

- Value for money audits.

Re-engineering of services

62. The University has established a Strategy and Re-engineering Steering Committee, with external representation, to oversee a re-engineering programme within the University. Re-engineering projects have been completed in the areas of procurement, recruitment of academic staff, management and maintenance of residential accommodation and English language communication skills. The Strategy and Re-engineering Steering Committee is charged with implementing, monitoring and evaluating the outcomes of these reviews.

63. The Panel commends CityU for its success in establishing a formal mechanism for the re-engineering of services and is pleased to note that the University has responded quickly to the outcomes of these reviews with some demonstrable improvements. For example, it was reported that procurement lead times have been reduced from about 7 to 3 days and feedback on the re-engineered English Language Programme has been very positive. However, the Panel heard some concerns that the re-engineering of the recruitment function for academic staff has been less successful partly due to an over-emphasis on systems of control within the relevant service departments, but also due to the tendency for some academic departments to avoid undertaking some of the work themselves even if it would improve efficiency.

64. More generally, the Panel is aware that parts of the administration are less willing, or perhaps less able, to make shift towards an output-orientated culture and approach. As noted above, it hopes that CityU will take steps to address this as a matter of priority, for

example, through the appraisal system and the introduction of clear service targets in all service departments.

Use of customer feedback

65. The Panel was pleased to note that many of the administrative services conduct user surveys to review their performance. For example, the Student Affairs Office conducts a series of surveys the results of which are reported to the Management Board. In addition, a number of non academic departments (e.g.. the Registrar's Office) hold regular meetings with users and have a system of liaison officers in the academic departments to provide feedback. The Student Union organises an annual competition in which students to vote for the best service unit.

66. The Panel understands that the University's Committee for the Promotion of Best Practice Management has recently made user surveys a requirement of all units and has commissioned the Statistical Consulting Unit in the Faculty of Business to conduct an annual survey of non academic departments. It has also recently conducted a major exercise to benchmark support services against similar services in the education and private sectors. The Panel commends these initiatives as means of instilling a performance-orientated culture across the administration and ensuring that there is a formal mechanism for the on-going monitoring of services. However, as noted above, it is unclear whether all service units have defined performance measures and targets. The Panel recommends that these be introduced in the near future.

67. In terms of responsiveness to the outcomes of reviews, the Panel found examples of readiness to change in a number of areas. For example, as a result of negative customer feedback (as well as budget cuts), the Estate Management Office and Campus Services have been restructured to form a new administrative services unit called the Facilities Management Unit.

Value for money audits

68. CityU has also recently appointed an Internal Auditor to head up a small unit and undertake VFM audits. It is anticipated that the Internal Audit Office will undertake a series of quality audits of all non academic departments over a two year period. The Panel commends this initiative as a means of enhancing accountability and promoting awareness of value for money issues within service units. CityU will need to consider the longer term role of the internal audit office once the initial quality audits have been completed.

Conclusions

69. The Panel commends CityU's success in establishing a formal mechanism for the re-engineering of services and is pleased to note that the University has responded quickly to the outcomes of reviews with some demonstrable improvements. CityU has also made effective use of customer feedback and benchmarking to identify weaknesses and promote performance improvement. However, while there is strong awareness of value for money issues in some departments, this is not uniformly the case across the institution. Indeed, the Panel found evidence to suggest that performance improvement in service delivery is inhibited in some areas by an over-emphasis on systems of control. The Panel was pleased

to observe a high level of awareness of this potential constraint and that the President is committed to achieving a better balance between promoting staff initiative and the need to ensure that proper control mechanisms are in place.

Management information systems

70. The Panel was pleased to find that CityU has developed a series of very effective management information systems. In particular, the Executive Information System (EIS) is the major vehicle for providing all levels within the University with up-to-date management information covering budgets, staff, students, admissions and performance indicators. Functional applications for the system are developed in discussion with users and user surveys are conducted annually to access information about user requirements and feedback on the system. A user group for the EIS has also been established and meets periodically.

71. Information on EIS is available to all line managers, heads and their delegates. The main application is budget management and budget controllers are provided with budget information as at close of business the previous day. Ledger and payroll information is downloaded at the close of play each day to ensure that the information held on the EIS is up-to-date and accurate. EIS also shows projected commitments for the next 3 year period. Other applications on the EIS are updated as the source of information changes (e.g.. student numbers, staff statistics). Users can interrogate the EIS to meet their own needs and generally appear to be happy with the service provided. In addition to the above, each non academic department is given devolved authority to develop the most appropriate operational system for its purposes with support provided by the Computing Services Centre (CSC).

72. The Panel commends CityU for its considerable achievement in developing management systems which are effective in meeting the diverse needs of different users. However, it noted that CityU has not yet developed a wider MIS strategy across all areas of its academic and administrative activities and there is only limited co-ordination and integration across different offices. The Panel hopes that the recent establishment of an IT Working Party (convened by the Vice-President for Planning and Information) to prepare a MIS strategic plan will address this.

73. Lastly, the Panel was pleased to note that the University has completed an inventory of all central University computer and other equipment and is satisfied that there is no serious risk of the University being affected by the Year 2000 issue. The CSC has issued guidelines to faculties, departments and non academic departments to examine their own systems to ensure year 2000 compliance.

Conclusions

74. The Panel commends CityU for its considerable achievement in developing a series of very effective management information systems. However, it noted that CityU has not yet developed a wider MIS strategy across all areas of its academic and administrative activities and there is only limited co-ordination and integration across different offices. The Panel hopes that the recent establishment of an IT Working Party (convened by the

Vice-President for Planning and Information) to prepare a MIS strategic plan will address this.

Interface with the UGC

75. It was reported that the University is generally content with the support provided by the UGC and regarded the UGC as a helpful buffer in maintaining academic freedom. However, the University expressed some concerns about the operation and interface with the UGC. In particular:

- the number of requests for information at short notice which require significant investment of time and resource at institutional level. It is acknowledged that the UGC may itself have had relatively short notice for such requests, however, these requests can leave institutions feeling that they are being distracted from their own agenda. The extent to which the data provided as part of such requests is returned in a standardised format, is audited and disseminated is also an issue for concern (e.g.- the UGC Common Data Collection exercise);

- the constraints applied in determining institutional missions and how this is reflected in particular policies, for example the quota of research students allocated to the University;

- the transparency of UGC's own funding methodology.

List of people met during the visit (21 August 1998)

1. Professor H K Chang, President
2. Mr. Norman Leung, Council Chairman
3. Mr. Dennis Lam, Council Treasurer
4. Mr. Roderick Woo, Chairman of Council Committee - Staffing and Conditions of Service
5. Mr. John Dockerill, Vice-President for Planning and Information Services
6. Mr. James Ng, Vice-President for Business and Finance
7. Professor P S Chung, Vice-President for Research
8. Professor Edmond Ko, Vice-President for Education
9. Professor Y S Wong, Vice-President for Institutional Advancement
10. Mr. H Y Wong, Director of Industrial and Business Development
11. Professor L K Chan, Professor of Applied Statistics and Operational Research
12. Professor Roderick Wong, Dean of Faculty of Science and Technology
13. Dr Julia Tao, Dean of Faculty of Humanities and Social Sciences
14. Professor Richard Ho, Dean of Faculty of Business
15. Professor Edward Tyler, Professor of Law
16. Professor H K Wong, Principal of College of Higher Vocational Studies
17. Professor Rudolf Wu, Head of Department of Biology and Chemistry
18. Dr Paul Poon, Librarian
19. Dr J T Yu, Associate Vice-President for Education and Registrar
20. Mrs Esther Yu, Director of Student Development Services
21. Mr. Arthur Leung, Director of Campus Planning
22. Dr. Oswald Siu, Acting Director of Facilities Management
23. Mr. C Y Yip, Director of Human Resources
24. Mr. K H Poon, Director of Computing Services

The Review Panel also met a number of student ambassadors.

List of Review Panel members

Professor William Massy   (Chairman)
Mr. Tim Lui
Professor Sir Ronald Oxburgh
Professor Frans van Vught
Professor Wee Chow Hou
Mr. Nigel French   (ex-officio member)
Mr. Quentin Thompson   PricewaterhouseCoopers
Professor John Hearn
Ms Olivia Lankester   (PricewaterhouseCoopers - Secretary)

Framework for the Management Reviews

This annex describes the framework used by the UGC in conducting and reporting on the Management Reviews. This framework was developed during the preparation for the reviews by the Management Review Steering Group in consultation with the Consultative Group of institutional representatives. It is viewed as an evolutionary framework which may develop during the course of the reviews following feedback from the institutions.

Scope and objectives of the reviews

The reviews cover all the management processes and systems in the areas of academic administration, research administration, maintenance and development of the estate, procurement, student support services, human resources, IT and finance. They are qualitative in nature and seek to promote self-assessment and self-improvement within the institutions through dialogue, discussion and analysis of issues with the consultants and members of the Review Panels. They also seek to promote the sharing of experiences and best practice.

Overall approach

The approach to the review is informed by a recognition of the diversity in the existing management structures and processes of individual institutions stemming from their different missions, histories and cultures. The MRSG considers that it would be wrong for any review to seek to impose a uniform management style across different institutions. It therefore distinguishes between the principles of good management (as it perceives them) and which it would therefore expect all institutions to display, and the form in which these principles are (or perhaps, are not) put in place. The Management Review Steering Group (MRSG) is concerned with the manifestation of these principles and recognises that there are a wide range of valid approaches to their implementation.

A list of good management principles was developed with the Consultative Group of institutional representatives. These relate to the identification of strategic direction and its implementation, the overall planning, budgeting and resource allocation processes and the mechanisms for feedback, self-learning, adjustment and control. This list may evolve during the course of the Management Reviews following feedback from institutions and members of the Consultative Group. The current list is provided in Annex D.

Role of the Consultative Group

The Consultative Group comprises a representative of each of the higher education institutions. Its role is to comment on the framework and processes for the Management Reviews so as to help ensure their appropriateness and effectiveness. As noted below, each Review Panel will include one member of the consultative group.

Processes involved in the Management Reviews

The Management Reviews involve four key steps:

- information collection and analysis;

- preparatory visits by Coopers & Lybrand consultants;

- Review Panel visits;

- report preparations.

In terms of information collection and analysis, the intention is that the Review Panels are well briefed on the institutional context, management structures and processes in advance of their visits. For this purpose, each institution is asked to provide some background documentation. This does not require institutions to prepare extensive new documentation nor to undertake further internal reviews. In order to help minimise the burden of preparation, the MRSG (again in consultation with the Consultative Group) developed a proforma providing a list of questions to which institutions may respond either by providing existing documents which address the same issues of by drafting brief (one paragraph) answers.

The next stage is the preparatory visits by PricewaterhouseCoopers (formerly Coopers & Lybrand) consultants. These preparatory visits provide an opportunity for institutions to discuss the issues raised in the background documentation in more detail. The outcomes of these visits are then written up by the consultants in a briefing paper for the Review Panel in advance of the Panel visit.

The reviews themselves are undertaken by Review Panels consisting of between 7 and 10 members in total: between four and seven from the Management Review Steering Group, two members from Coopers & Lybrand (one of whom will act as the Review Panel Secretary); and one member from the Consultative Group. The Review Panel works according to the principle of peer review - each member will have management experience in institutions of higher education. The main role of the Review Panels is to examine and test the institution's management processes and systems through discussion and dialogue with institutional staff.

The Review Panel visits last for about one and a half days. They involve a series of meetings and discussions with the senior management including the heads of academic and non-academic departments. At the end of the visits, the Review Panel provides some initial feedback. This is followed at a later date by a comprehensive report on the effectiveness of the management of the institution including good practice observed and suggestions for improvements (see below).

Report preparations

The reporting preperations involve three key stages:

- preparation of a draft report by the Review Panel;

- submission of the draft report to the institution to check factual accuracy;

- finalisation and publication of the report.

The institutions are invited to also publish a statement describing their comments on the report and any actions they plan to make by way of improvement.

Principles of good management practice

Introduction

This annex presents the Principles of Good Management Practice which guide the work of the Management Review Steering Group (MRSG) and the Review Panels in their work.

The MRSG recognises that each institution has its own mission, history and culture, as well as varying in size and disciplinary spread. For that reason, it considers that it would be inappropriate for this review to impose or even suggest that the management style or processes should be the same in each institution. Therefore, in consultation with the Consultative Committee, the MRSG has developed the following Principles of Good Management. The form in which these principles are put in place will differ according to the circumstances of each institution.

The principles relate to all the management processes across an institution in the different areas of academic administration, research administration, maintenance and development of the estate, procurement, student support services, human resources, IT and finance.

As the reviews progress, the principles will be refined as the MRSG, the Review Panels and the institutions learn from the experience.

The Principles of Management Practice

I.   Development of the strategic plan

      A.   The strategic plan is consistent with the mission of the institution

      B.   The strategic plan is developed using both internal and external contributions and information. The development process provides the opportunity for the institution to learn from its own performance and from external developments

      C.   The development of the strategic plan is an iterative process whereby different elements of the plan - academic direction, academic facilities and services, staffing, estates, finance, IS - are brought together to form a consistent and coherent plan

      D.   Mechanisms are in place to ensure that any decision which has significant resource implications (for revenue, expenditures and capital) is only incorporated in the strategy after those implications have been identified, estimated and built into future plans

      E.   There is a mechanism to facilitate the 'ownership' of the strategic plan and supporting operational plans through use of the management structure

II.   Resource allocation

      A.   There is a clear mechanism and criteria to determine priorities for resource allocation - the criteria follow from the strategy and inform the planning process

      B.   Mechanisms and formulae, if any, for allocating resources (for example, performance based formulae and the use of 'top-slicing') are understood and transparent

      C.   There are agreed ways of allocating resources on an ad hoc basis as necessary

      D.   The resource allocation process provides incentives for increased value for money in all functions (academic and non-academic)

III.   Implementation of plans

      A.   Operational plans are developed from the strategic plan and include milestones and performance measures for regular monitoring

      B.   It is clear who is responsible for the implementation of each plan component and how that responsibility is to be discharged

      C.   Appropriate action is taken as a result of the outcomes of monitoring the implementation of the operational plans

IV. Roles, responsibilities and training

A. There is a clear management structure, with the managerial responsibilities, reporting lines and means of accountability well defined and accepted by all concerned; the scope of any delegated authorities is clear to both parties

B. The responsibilities of each member of staff is defined and included in a job description; there is a staff appraisal process for the performance of individuals against their tasks

C. For each committee, its terms of reference are clear, unambiguous and accepted by its members; in particular it is clear whether a committee is consultative, advisory or decision making; each is subject to periodic review explicitly to consider its continuing usefulness

D. The competencies of committee members and staff are appropriate to their roles, with training available relevant to their needs, especially for those with new managerial responsibilities (eg financial responsibilities)

E. There is clarity in roles and responsibilities with respect to committees and individual staff members, especially in relation to the roles of professional staff

V. Service delivery

A. There is a process to ensure that the University is meeting the administrative and operational needs of its students, staff and external constituencies - this includes mechanisms whereby service users can comment on the level of service, priorities and related performance improvement plans and mechanisms to ensure that the plans are acted upon

B. There is a regular review processes (or audits) in place to assess and improve the performance and structure of all administrative, academic and committee functions and services (eg to ensure that there are no unnecessary steps, duplication of activities or levels of management)

C. There is appropriate means to respond to external and internal audits or reviews of functions with structures and processes such that change is possible within reasonable timescales

VI. Management information and systems

A. In producing management information, both financial and non-financial - the differing needs of different users are established, assessed and reflected in the information provided to users

B. There is a procedure in place to ensure that all management information used in decision making and monitoring is adequately reliable, valid and consistent and that the level of detail given to users is appropriate to their needs

C.   Systems in place support administrative and management processes across the institution. Systems are developed and operated on the basis of user need

D.   Systems are reviewed on a regular basis taking full account of user feedback and other benchmark information

E.   Disaster recovery exist plans for all systems, for example with respect to the Year 2000 issue