

**Minutes of the 52nd Meeting of the
Lump Sum Grant Steering Committee**

Date : 27 September 2023 (Thursday)
Time : 10:30 a.m.
Place : Room 918, 9/F, Wu Chung House,
213 Queen's Road East, Wan Chai, Hong Kong

Present

Chairperson

Miss Charmaine LEE, JP

Director of Social Welfare

Ex-officio Member

Ms Maggie LEUNG Yee-lee

Assistant Director of Social Welfare
(Subventions)

Non-official Members

Ms CHEUNG Kwok-chun

Miss CHU Lai-ling, MH

Mr Thomas CHU Sai-ming

Mr Raymond LAI Kwan-ho

Mr Armstrong LEE Hon-cheung

Miss Yanmi LEUNG Ho-yan

Dr Pamela LEUNG Pui-yu

Ms Rachel LEUNG Wai-ling

Mr Webster NG Kam-wah, JP

Mr SY Ching-tam

Ms WONG May-kwan

Mr Addy WONG Wai-hung, MH, JP

Mr IP Chi-wai

Secretary

Ms LEE Wai-yee

Chief Social Work Officer (Subventions)1,
Social Welfare Department (SWD)

In Attendance

Ms WONG Yin-ye	Deputy Director of Social Welfare (Administration)
Ms LUI Ka-wing	Chief Social Work Officer (Subventions)2, SWD
Ms Elaine CHOY Yuk-ling	Senior Social Work Officer (Subventions)1, SWD
Ms YUEN Yuet-yan	Senior Social Work Officer (Subventions)2, SWD
Miss Venus POON Wai-fong	Senior Social Work Officer (Subventions)3, SWD
Ms LAU Yee-shan	Social Work Officer (Subventions)4, SWD
Mr Sam LAM Chun-ho	Executive Officer (Subventions), SWD

Absent with Apologies

Miss Jasmine CHAN Hoi-yan
Miss Vena CHENG Wei-yan
Mr Roland WONG Ka-yeung
Ms CHUNG Wai-ling
Mrs Patricia LAU
Mr TSE Wah-wan
Mr Kirin LAW Tsz-yeung

Opening Remarks

1. The Chairman greeted the members and welcomed the following two newly appointed members, as well as two colleagues attending the meeting for the first time:
 - (a) Mr Thomas CHU Sai-ming, Chief Executive Officer of New Life Psychiatric Rehabilitation Association;
 - (b) Miss CHU Lai-ling, Secretary of Hong Kong Social Welfare Sector Heart to Heart Joint Action;
 - (c) Ms LEE Wai-ye, who took up the post of Chief Social Welfare Officer (Subventions)1 on 14 June; and
 - (d) Miss Venus POON Wai-fong, who took up the post of Senior Social Welfare Officer (Subventions)3 on 21 April.
2. Mrs Patricia LAU, Chief Executive Officer of Hong Kong Sheng Kung Hui Welfare Council, was also a newly appointed member but was unable to attend the meeting due to other commitments.
3. Six members, including Miss Jasmine CHAN Hoi-yan, Miss Vena CHENG Wei-yan, Mr Roland WONG Ka-yeung, Ms CHUNG Wai-ling, Mr Kirin LAW Tsz-yeung and Mr TSE Wah-wan, were also unable to attend the meeting.
4. The Chairman thanked Ms Alice LAU Oi-sze, Miss Irene LEUNG Pui-yiu and Ms Cynthia LAM Ming-wai for their past participation in the work of the Lump Sum Grant Steering Committee (LSGSC). Their tenures with LSGSC expired in April 2023.

Declaration of Interests

5. The Secretariat reminded members of the need to make a full disclosure of their interests in the event of any potential conflict of interest in matters placed before LSGSC. Members could make a declaration before the meeting or when a conflict of interest was involved in a particular item to be discussed. The Secretariat advised that members, despite being board or staff members of relevant non-governmental organisations (NGOs), could still speak on the issues insofar as sector-wide policies were concerned.

Agenda Item 1 – Confirmation of Minutes of Last Meeting

6. The Secretariat circulated the draft minutes of the 51st meeting to members on 3 May 2023, and received no proposed amendments before the deadline. The minutes of the 51st meeting were confirmed.

[Post-meeting note: The minutes of meeting were uploaded to the SWD's website on 28 September 2023.]

Agenda Item 2 – Matters Arising

Paragraphs 19 to 22 of Minutes of Last Meeting – Implementation of Recommendations in the Review Report on Enhancement of Lump Sum Grant Subvention System and the Work Progress

7. Highlights of the SWD's report on the implementation of recommendations in the Review Report on Enhancement of Lump Sum Grant Subvention System (Review Report) and the work progress were as follows:
 - (a) Since 2022-23, the SWD had been gradually implementing the recommendations of the Review Report, 27 recommendations (Recommendations 1, 3, 5 to 8, and 10 to 30) had been implemented so far.
 - (b) As for recommendations that involved additional financial resources (i.e. Recommendations 2, 4 and 9), the SWD would apply for funding in accordance with established procedures and continue to report the progress to members.
 - (c) Regarding Recommendation 6, the SWD had been systematically reviewing Funding and Service Agreements (FSAs) since 2022-23. By the end of June 2023, about 230 FSAs (accounting for about 60% of the total number of FSAs) had been reviewed. At the same time, individual service branches had conducted more in-depth service reviews for specific service types, such as residential child care services, sheltered workshops and integrated vocational rehabilitation services centres, integrated home care services (ordinary cases), district elderly community centres/neighbourhood elderly centres, community-based drug treatment and rehabilitation services (including counselling centres for psychotropic substance abusers and centres for drug counselling), home care

service for persons with severe disabilities, and on-site pre-school rehabilitation services, etc.

- (d) Regarding Recommendations 15 to 19, the SWD issued the Operational Guidelines on Funding and Service Agreement-related Activities and Cost Apportionment for Non-governmental Organisations (Operational Guidelines) in April 2023. On 2 May 2023, a briefing session was held to present an in-depth account of the background and contents of the Operational Guidelines, as well as to address questions raised by NGOs. Frequently asked questions (FAQs) and the presentation slides from the briefing session had been uploaded to the SWD's website.
- (e) The Subventions Section of the SWD had been in contact with various NGOs to address their enquiries regarding specific circumstances and their operations. It had also periodically updated the FAQs on its website, and followed up on the needs of individual NGOs to ensure their compliance with the requirements of the Operational Guidelines. The SWD would incorporate the Operational Guidelines into the Lump Sum Grant Manual in due course.
- (f) The SWD would continue to provide NGOs with smart tips on the Operational Guidelines by highlighting the key points, as well as setting out the criteria for delineating FSA-related activities and providing relevant examples. This was to enable NGOs to better understand the requirements of the Operational Guidelines, including identifying FSA services and FSA-related activities. In addition, the SWD was collecting and collating case examples of cost apportionment, which would be consolidated into a casebook for NGOs' reference.

8. Members' views were summarised as follows:

- (a) In response to members' enquiries regarding the progress of reviewing the remaining FSAs, the SWD indicated that the review of FSAs would be conducted based on the importance and urgency of the services, taking into account the prevailing circumstances. In fact, the SWD had reviewed over 60% of FSAs to date, exceeding expectations in terms of progress.
- (b) Some members suggested that the SWD provide more case examples of cost apportionment for NGOs' reference so as to facilitate their understanding of the principles for implementing the Operational Guidelines. In addition, some members enquired about the mechanism put in place by the SWD for monitoring cost apportionment by NGOs. The SWD reiterated that cost apportionment was not a brand new concept or requirement, and the Operational Guidelines were primarily developed to clarify and specify the related arrangements. As for the monitoring of NGOs and the methods for cost apportionment, they would be handled in accordance with the existing mechanisms. NGOs should continue to act in adherence to the spirit and guiding principles of avoiding cross-subsidisation. The SWD added that the casebook to be prepared would serve as a reference only,

and it would periodically update the FAQs on its website based on NGOs' enquiries.

[Post-meeting note: On 4 October 2023, the SWD sent an email to inform NGOs operating subvented services of the latest FAQs. The email included attachments of the updated Annexes 1 and 2 of the Operational Guidelines and a template of the 2024-25 Annual Financial Report (AFR) for their reference. This was to enable NGOs to prepare their AFRs in accordance with the Operational Guidelines starting from the next financial year (i.e. 2024-25).]

- (c) Regarding the reporting of significant incidents by NGOs as mentioned in Recommendations 26 to 28, some members enquired about the SWD's guidelines and procedures for safeguarding NGOs' cybersecurity and personal privacy. They also hoped that the SWD would continue to strive for resources to expedite the implementation of Recommendation 2, which would allow NGOs to hire additional personnel with relevant expertise and strengthen cybersecurity training for their staff. The SWD stated in response that it had been actively encouraging NGOs to implement cybersecurity measures, including conducting security risk assessments and audits for their information technology (IT) systems. It also made it a requirement for NGOs to include security risk assessments and audits in their funding applications for IT projects. NGOs might also consider utilising their Lump Sum Grant (LSG) and LSG reserve where appropriate to acquire or implement equipment / measures related to cybersecurity to protect their data assets, especially those involving personal information. The SWD had also established the NGO IT Information Portal, where various kinds of information on cybersecurity, including cybersecurity training and guidelines on defense, etc. were uploaded or hyperlinked. The SWD would also continue to enhance the awareness and knowledge of cybersecurity in the sector, and strengthen planning and governance in this area through the Experience Sharing Platform for IT Projects of the Social Welfare Sector under the Joint Committee on IT for the Social Welfare Sector.

Agenda Item 3 – Amendments to the Social Welfare Services Lump Sum Grant Manual

(LSGSC Paper No. 3/2023)

- 9. The SWD presented LSGSC Paper No. 3/2023 regarding the amendments to the Social Welfare Services Lump Sum Grant Manual (LSG Manual). Highlights were as follows:
 - (a) Following the implementation of the Lump Sum Grant Subvention System (LSGSS) in 2001, the SWD issued the LSG Manual to NGOs, setting out the requirements for the use of LSG. Subsequently, the LSG Manual was updated and revised in May 2012 and October 2016. The SWD had also periodically sent letters to NGOs operating subvented welfare services to inform them of new requirements or changes to relevant guidelines as needed. In addition, since the publication of the Review Report in July 2021, the SWD had been gradually

implementing the recommendations from 2022-23, and planned to incorporate the implemented enhancement measures into the LSG Manual in due course.

- (b) The SWD would revise the LSG Manual to provide NGOs with a clearer understanding of the key points and requirements of the LSGSS. The revisions focused on reorganising chapters and optimising contents, incorporating the implemented enhancement measures pertaining to the recommendations of the Review Report, incorporating principles and elements from the Best Practice Manual (BPM), as well as adding LSG-related requirements, guidelines and forms. This round of revision primarily involved updating contents and reorganising chapters, and did not involve any policy changes.
10. The SWD planned to issue the draft of the revised LSG Manual to all members and NGOs operating subvented welfare services by end-2023, and brief NGOs on the purpose and contents of the revision. After proofreading and refining the contents, the SWD would submit the revised LSG Manual to members in the first quarter of 2024 for discussion and endorsement. The revised LSG Manual would officially take effect from 2024-25.
11. The SWD indicated that it had sent a letter to NGOs in March 2023 to remind them of the requirement to fully implement the recommendations regarding BPM as set out in the Review Report, starting from 2023-24. Members agreed to incorporate the principles and elements from BPM (including Level One and Level Two) into the revised LSG Manual. In the future, NGOs would no longer be required to submit Self-Assessment Checklists. However, the SWD would from time to time conduct random checks to assess whether NGOs complied with the relevant guidelines as required.
12. Members' views were summarised as follows:
- (a) Some members opined that the introduction to the LSG Manual should reiterate the development background of LSGSS. They also suggested uploading prior versions of the LSG Manual to the SWD's website to facilitate NGOs in better understanding the evolution of LSGSS. In response, the SWD stated that uploading prior versions of the LSG Manual alongside the current one might confuse NGOs and the public. In fact, the development background and philosophy of LSGSS were already available on the SWD's website for reference.
 - (b) Some members suggested providing the revised LSG Manual to relevant accounting organisations, including the Hong Kong Institute of Certified Public Accountants and the Accounting and Financial Reporting Council, for their reference. This would enable the accounting sector to understand the contents and requirements of the revised LSG Manual for the purpose of assisting NGOs in financial management. The SWD concurred with the suggestion and agreed to follow up on it.
 - (c) Some members suggested highlighting the differences between the revised version and the prior version (from October 2016) of the LSG Manual to facilitate a

comparison of the changes. They also recommended providing various introductory materials, such as at-a-glance infographics/smart tips/video clips to assist members and other stakeholders in gaining a better understanding of the key points and requirements of the revisions. The SWD stated in response that since this round of revision involved restructuring the existing contents and consolidating different guidelines, it would be difficult to directly compare the revised version with the current one. Nevertheless, the SWD would compile and highlight the key points of the revised LSG Manual using illustrations to enhance NGOs' comprehension of the contents and requirements.

- (d) Some members suggested holding a briefing session for NGOs to familiarise themselves with the contents of the revised LSG Manual as soon as possible. The SWD reiterated that this round of revision primarily involved updating contents and reorganising chapters, and did not involve any policy changes. The SWD also planned to hold a briefing session soon after releasing the draft of the revised LSG Manual, with a view to facilitating NGOs in gaining a better understanding of its contents.
- (e) Members supported the consolidation of various existing guidelines, and thanked the SWD for its effort in implementing measures to enhance LSGSS. In addition, in response to an enquiry from a member regarding the inclusion of all enhancement measures in the revised LSG Manual, the SWD indicated that it would consolidate and incorporate relevant and implemented enhancement measures into the LSG Manual.

Agenda Item 4 - Any Other Business

- 13. There was no other business.

Date of Next Meeting

- 14. The meeting was adjourned at 12:00 p.m. Members would be notified of the date of the next meeting in due course.

Social Welfare Department
October 2023