

Minutes of the 53rd Meeting of the Lump Sum Grant Steering Committee

Date : 15 April 2024 (Monday)
Time : 11:00 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 Members

Mr YIP Ka-sing, Tony

Principal Assistant Secretary (Welfare)1,
Labour and Welfare Bureau (LWB)

Miss CHAN Chong-lai

Assistant Director of Social Welfare
(Subventions)

Non-official Members

Mr Webster NG Kam-wah, JP

Mr Addy WONG Wai-hung, MH, JP

Mr Roland WONG Ka-yeung

Miss Vena CHENG Wei-yan

Miss CHU Lai-ling, MH

Mr Raymond LAI Kwan-ho

Dr Pamela LEUNG Pui-yu

Ms Rachel LEUNG Wai-ling

Mrs Patricia LAU

Mr IP Chi-wai

Mr Kirin LAW Tsz-yeung

Ms CHEUNG Kwok-chun

Mr SY Ching-tam

Mr TSE Wah-wan

Secretary

Ms LEE Wai-ye

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
Ms LAU Yee-shan	Social Work Officer (Subventions)4, SWD
Ms Sarah HO Chung-yan	Social Work Officer (Subventions)4, SWD (designate)
Miss Jojo LEUNG Ka-huen	Executive Officer (Subventions), SWD

Absent with Apologies

Mr Armstrong LEE Hon-cheung
Miss Jasmine CHAN Hoi-yan
Ms WONG May-kwan
Mr Thomas CHU Sai-ming
Ms CHUNG Wai-ling
Miss Yanmi LEUNG Ho-yan

Opening Remarks

1. Ms WONG Yin-ye informed members that the Chairperson would attend the meeting later due to other commitments, and she was authorised by the Chairperson to take the chair in her absence.
2. Ms WONG Yin-ye greeted the members and welcomed the following members attending the meeting for the first time:
 - (a) Mrs Patricia LAU, Chief Executive Officer of Hong Kong Sheng Kung Hui Welfare Council; and
 - (b) Miss CHAN Chong-lai, Assistant Director of Social Welfare (Subventions).
3. Six members, including Mr Armstrong LEE Hon-cheung, Miss Jasmine CHAN Hoi-yan, Ms WONG May-kwan, Mr Thomas CHU Sai-ming, Ms CHUNG Wai-ling and Miss Yanmi LEUNG Ho-yan, were unable to attend the meeting today due to other commitments.
4. Mr Webster NG Kam-wah would attend the meeting at 11:30 a.m. due to other commitments.

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 the Lump Sum Grant Steering Committee (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 52nd meeting to members on 7 November 2023, and received no proposed amendments before the deadline. The minutes of the 52nd meeting were confirmed.

[Post-meeting note: The minutes of meeting were uploaded to the SWD's website on 16 April 2024.]

Agenda Item 2 – Matters Arising

Paragraphs 7 and 8 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 in the Review Report. 27 recommendations (Recommendations 1, 3, 5 to 8, and 10 to 30) had been implemented so far.
 - (b) Regarding Recommendation 2 on subsidising NGOs to conduct staff training, business system upgrades (including both information technology (IT) and non-IT projects) and service studies, the SWD would present the details of implementing a Dedicated Fund under Agenda Item 3.
 - (c) As for the other recommendations (i.e. Recommendations 4 and 9) which involved additional financial resources, the SWD would seek funding in accordance with established procedures, and report to members when there was further development in future.
 - (d) Regarding the casebook on cost apportionment mentioned in paragraphs 7(f) and 8(b) of the minutes of the last meeting, the SWD had collected only 2 actual case examples thus far and would wait to compile the casebook until a certain number of case examples had been amassed. In the meantime, the SWD had been

updating the Frequently Asked Questions on cost apportionment based on general enquiries received and uploading them to the SWD website for NGOs' reference.

Paragraph 12(b) of Minutes of Last Meeting – Amendments to the Social Welfare Services Lump Sum Grant Manual

8. The SWD had issued the draft revised Lump Sum Grant Manual to the Hong Kong Institute of Certified Public Accountants in January 2024, but had yet to receive any comments from the Institute.

Agenda Item 3 – Implementation of Dedicated Fund

(LSGSC Paper No. 1/2024)

9. The SWD presented LSGSC Paper No. 1/2024 concerning the implementation of a Dedicated Fund. Highlights were as follows:
 - (a) As announced by the Chief Executive in his Policy Address in October 2023, the Government would set up a Dedicated Fund of \$500 million to help NGOs operating subvented welfare services meet their development needs for staff training and system enhancement, particularly in enhancing professional knowledge of their staff and strengthening awareness of inter-disciplinary collaboration, as well as encouraging and promoting IT application, etc. This measure was also one of the recommendations put forward in the Review Report (i.e. Recommendation 2).
 - (b) The SWD would be responsible for implementing and managing the Dedicated Fund. The proposed funding scope included (1) staff training and (2) system enhancement projects. The purpose of staff training was to enhance NGOs' management capacities and professional services, as well as increase their staff's understanding of national affairs and awareness of national security. Meanwhile, system enhancement projects aimed to improve NGOs' management capabilities and efficiency, and strengthen their business management and operations through the application of IT systems and enhanced non-IT business systems.
 - (c) The SWD planned to launch the Dedicated Fund in the second quarter of 2024 for a period of 5 years. The funding arrangements included (1) reserving \$300 million for agency-based funding; (2) reserving \$100 million for implementing specified staff training projects; and (3) reserving \$100 million for subsidising NGOs to arrange for their staff to participate in national studies programmes and Mainland exchange tours.
 - (d) To encourage NGOs to submit joint applications for projects within the funding scope to leverage synergies, the SWD would allocate additional funding to cover the administrative expenses of the NGO responsible for coordinating the joint project. The additional funding would be capped at 3% of the total funding amount for the joint project, or \$500,000, whichever was lower.

- (e) Since late 2023, the SWD had been gathering NGOs' feedback through meetings and briefings, including a consultation forum on the Dedicated Fund on 7 March 2024. Having consulted members of this committee, the SWD would seek comments from the Social Welfare Advisory Committee and the Legislative Council Panel on Welfare Services in April and May 2024 respectively. After considering and consolidating the views collected, the SWD would announce the detailed application arrangements for the Dedicated Fund in due course.

10. Members' views (including those from the absentees represented by Miss CHAN Chong-lai) on the aforementioned plan were summarised as follows:

[The Chairperson joined the meeting to preside at 11:30 a.m.]

- (a) Members thanked the Government for implementing the Dedicated Fund to support the development needs of NGOs despite the tight fiscal situation, and acknowledged the direction of using the Dedicated Fund to support staff training and system enhancement.
- (b) Members supported the Dedicated Fund to subsidise the participation of NGO staff in national studies programmes and Mainland exchange tours, in order to enhance their understanding of social welfare development in the Mainland and encourage NGOs' integration into the overall national welfare development. Some members suggested that the Government should continue to support the sector in conducting training related to national studies and national security upon the closure of the Dedicated Fund.
- (c) Members were concerned that NGOs in general (especially small and medium-sized ones) lacked the experience and capability to organise Mainland exchange tours on their own. Therefore, it was suggested that the SWD should commission experienced and capable intermediaries to assist in organising the exchange tours, thus allowing NGOs to arrange for their staff to participate directly. Some members suggested entrusting agencies with practical experience and Mainland networks, such as Connecting Hearts Limited, to help organise the exchange tours. The SWD indicated that it would actively consider these suggestions.
- (d) Some members suggested that in addition to one-off courses, NGOs should also organise train-the-trainer courses to allow their staff to inherit knowledge and continuously apply and practise such knowledge. The SWD indicated that NGOs could develop training programmes tailored to their individual needs with agency-based funding. The Government would also invite NGOs to apply for additional funding to conduct specified staff training in response to the Government's policy objectives and welfare service needs.
- (e) Some members suggested that the Dedicated Fund should allow NGOs to arrange for non-subsidised staff to participate in training programmes, which could help

them engage in the provision of subvented welfare services in the future. Some members enquired whether NGOs would be required to conduct cost apportionment if non-subvented staff were to benefit from the Dedicated Fund. The SWD responded that the Dedicated Fund was primarily intended to benefit subvented staff. However, to support the NGOs' continuous development and enhance their overall service quality to better implement the Government's social welfare policies, the SWD was considering allowing the Dedicated Fund to benefit non-subvented staff in cases where cost apportionment was not involved.

- (f) Some members suggested setting clear objectives for the Dedicated Fund, so that the sector could understand the outcomes expected of them. Non-IT business system projects should cover areas such as organisational restructuring/business reengineering, in order to enhance NGOs' governance, human resource management and service processes, etc.
- (g) Some members considered that NGOs (especially small and medium-sized ones) might find it difficult to satisfy the requirement of bearing 15% of the cost of IT projects. Therefore, it was suggested that the Dedicated Fund should not require NGOs to bear this expense, in order to encourage wider application of IT in the sector.
- (h) Some members suggested that the SWD should maintain versatility and flexibility when formulating the implementation details of the Dedicated Fund to give NGOs enough room to plan and submit applications for projects that best suit their actual situations and individual needs. They also recommended streamlining the application process for the Dedicated Fund.
- (i) Regarding the funding arrangements, some members enquired whether there would be NGOs that did not receive the SWD's provisional subvention in 2024-25 and thus could not secure funding from the Dedicated Fund based on that subvention amount.

11. The SWD provided a consolidated response, stating that the Dedicated Fund would benefit 177 NGOs currently operating subvented welfare services, all of which had received provisional subvention from the SWD. In addition, NGOs that first started to receive the lump sum grant (LSG) during the implementation of the Dedicated Fund would also benefit from it. Regarding the implementation details and application process, the SWD would strive to streamline procedures and maintain flexibility to minimise the administrative work of NGOs and allow them to flexibly utilise the funding according to their individual needs. The SWD stated that it would actively consider members' suggestions and, upon consolidating the views collected, announce the application details of the Dedicated Fund in due course.

Agenda 4 – Amendments to the Social Welfare Services Lump Sum Grant Subvention Manual

(LSGSC Paper No. 2/2024)

12. The SWD presented LSGSC Paper No. 2/2024 regarding the amendments to the Social Welfare Services Lump Sum Grant Subvention Manual (LSG Manual). Highlights of the paper were as follows:
- (a) The SWD issued the draft revised LSG Manual to members on 17 November 2023, and did not receive further amendment proposals from members on the content of the draft. The SWD thus proceeded with the original plan to issue the draft to all NGOs on 29 November 2023 and held a briefing session on 7 December 2023 to provide detailed introduction of the purpose and key content of the amendments, listen to the sector's views, and address enquiries from NGOs' representatives in detail.
 - (b) During the period from December 2023 to March 2024, the SWD received letters from The Hong Kong Council of Social Service, Hong Kong Social Workers' General Union and an NGO respectively, expressing opinions on the SWD's amendments to the LSG Manual.
 - (c) The SWD had given written responses to the above letters in March 2024, highlighting the following:
 - The subventions provided by the SWD to NGOs was subject to adjustment based on the overall public fiscal position and other relevant factors. The SWD was obliged to act in accordance with the Government's overall policies and guidelines and strictly adhere to the Government's fiscal discipline and funding requirements, including the prudent use of public funds and the allocation of limited public resources.
 - The SWD reviewed various services from time to time, and had been gradually converting non-time-defined Funding and Service Agreements (FSAs) into time-defined ones to meet the ever-changing service needs. At present, nearly 70% of the FSAs were time-defined, with the relevant services operating smoothly and effectively. The change had not hindered the relevant NGOs from formulating long-term development strategies, nor affected their commitment to promoting welfare development.
 - NGOs must properly control and utilise the LSG and LSG reserve, and be accountable to service users, the Government and society. The SWD was not only responsible for provision of funding, but also shouldered the duty of monitoring the proper use of the funding. If an NGO violated the FSA and/or relevant requirements, or encountered special circumstances such as serious governance or financial crises, etc., it would be a responsible and necessary

course of action for the SWD to terminate the subventions to that NGO in order to safeguard public funds.

- The LSG Manual issued by the SWD covered the principles, procedures, standards and requirements for the use of the SWD's subventions, and provided administrative guidelines for management and control. The SWD had the authority and responsibility to amend, supplement, apply, interpret and make exceptions to the provisions in the LSG Manual. All NGOs receiving government subventions must abide by the guidelines provided in the LSG Manual.
 - The revised LSG Manual consolidated a number of existing guidelines and templates to provide a comprehensive document for staff's easy reference and review. It could also reduce NGOs' administrative work [e.g. NGOs would no longer be required to submit a separate annual Best Practice Manual (BPM) self-assessment report in the future].
- (d) The Secretariat issued the LSG Manual (2024 Revised Edition) to members on 9 April 2024. Compared to the draft revised LSG Manual (November 2023), the changes to the LSG Manual (2024 Revised Edition) mainly involve text/punctuation corrections and refinements, as well as addition of supplementary/updated information, details of which were set out at Annex of LSGSC Paper No. 2/2024.
- (e) With the Safeguarding National Security Ordinance (Ordinance) taking effect upon gazettal on 23 March 2024, the SWD had incorporated the Ordinance into Paragraph 8.3.2 of the revised LSG Manual, and would subsequently update the Service Quality Standard (SQS) 8 to include the Ordinance as a legal obligation that service units must understand and observe.

[Post-meeting note: The SWD issued an email notification to NGOs on 24 April 2024, informing them of the update to the SQS 8, and requiring them to ensure that their respective service units make corresponding updates and comply with the Ordinance.]

13. Members' views (including those from the absentees represented by Miss CHAN Chong -lai) on the above arrangements were summarised as follows:

- (a) All members found the revised LSG Manual concise and clear. It consolidated the contents of the existing LSG Manual and various guidelines, making it easier for NGOs and their staff to understand and grasp the relevant contents and requirements. The revised LSG Manual not only provided NGOs with operational flexibility, but also facilitated their implementation of services with increased efficiency and cost-effectiveness. Therefore, members agreed with the consolidation and amendments made by the SWD.

- (b) Some members suggested that the SWD should prepare abridged version /smart tips highlighting the key points of the revised LSG Manual for major stakeholders in the sector (especially members of governing boards) in advance of the official issuance of the revised LSG Manual. This would help them grasp the contents and requirements contained therein.
- (c) Some members suggested that the SWD should consider adding hyperlink prompts to the revised LSG Manual to enable NGO staff to make good use of the hyperlink functions, and adding update reminders to the homepage of the revised LSG Manual to facilitate NGO staff in accessing future updates and amendments.
- (d) Some members pointed out that NGOs were originally required to submit their annual BPM self-assessment reports in October 2024. To reduce the administrative burden of NGOs, they suggested that the SWD should issue the revised LSG Manual in October so that NGOs would not have to submit a separate annual self-assessment report for 2023-24.
- (e) Some members suggested that the SWD should officially issue the revised LSG Manual and smart tips in October 2024 after further proofreading (especially for information that required updating before issuance) and text refinement so as to allow NGOs sufficient time for preparation.
- (f) Some members suggested that the SWD should explain in greater detail the provisions on the exit mechanism after issuing the revised LSG Manual, so that NGOs could better understand the intent of the provisions and would not be overly concerned. In addition, some members proposed that if the Government's fiscal situation permitted in the future, consideration should be given to increasing the amount of subventions for NGOs. The SWD expressed that, in general, in the event of non-compliance or under-performance with the FSA and/or relevant requirements, the SWD would require the NGO concerned to formulate an action plan for implementing rectification and the improvement measures within a specific time frame. The SWD would also consider taking different actions depending on the nature, gravity and impact of the non-compliance with regard to the concerned subvented services. Should the NGO breach any of the terms and conditions of the FSA and fail to remedy the same in such manner and within the time specified in writing by the SWD that the same be remedied, the SWD might, after expiry of such notice, terminate the FSA by giving a 30-day notice to the NGO. Moreover, the SWD would regularly review its annual financial situation and strive to secure resources to provide higher quality services to the underprivileged in need.

14. The SWD concluded that it would follow up on members' suggestions to produce abridged version/smart tips, assist members of governing boards and NGO staff in grasping key points of the revised LSG Manual, as well as proofread and update the revised LSG Manual before issuance. After completing the production of smart tips/

abridged version and other preparatory work, the revised LSG Manual was expected to be issued in the fourth quarter of this year as per members' suggestion.

15. The SWD reminded all members that the revised LSG Manual had been distributed to members solely for discussion in this meeting. The revised LSG Manual, upon its official release, would be provided to all NGOs together with the accompanying smart tips/abridged version.

Agenda Item 5 - Any Other Business

Productivity Enhancement Programme

16. The SWD briefed members on the implementation of the Productivity Enhancement Programme (PEP) and relief arrangements.
 - (a) Recognising the concerns of NGOs regarding the implementation of the PEP announced earlier by the Government, the LWB and the SWD promptly held a briefing on 6 March 2024 for NGOs receiving subventions to brief them on the implementation of the PEP and relief arrangements. NGOs responded positively to the relief arrangements during the briefing.
 - (b) After considering various factors and making the utmost efforts to redeploy internal resources, the LWB and the SWD put forward the following relief measures to assist NGOs in implementing the PEP:
 - The SWD would fully absorb the 1% reduction in recurrent allocation that would have otherwise been applied in 2024-25 to all 177 NGOs currently receiving the SWD's subventions under the LSG or conventional subvention mode. In other words, all NGOs were exempted from the planned 1% reduction in their recurrent allocation for the year 2024-25.
 - The SWD would fully absorb the 2% and 3% reduction in recurrent allocation that would have otherwise been applied in 2025-26 and 2026-27 respectively, to NGOs receiving less than \$50 million in provisional LSG subventions in 2024-25. A total of 119 NGOs, accounting for two-thirds of all NGOs operating subvented welfare services, would benefit from this arrangement.
 - NGOs receiving \$50 million or more in provisional LSG subventions in 2024-25 would face a 2% reduction in recurrent allocation in 2025-26, followed by a 3% reduction in 2026-27. To give these NGOs greater flexibility in deploying resources to develop cost-saving measures for the implementation of PEP, they could retain any amounts that otherwise would be required to be returned to the SWD at the end of the 3 financial years from 2023-24 to 2025-26, if their LSG Reserve balances exceeded 25% of their annual operating

expenditure. The standing arrangement for refunding the SWD would resume at the end of 2026-27.

- The SWD also issued a letter to all NGOs on 6 March 2024 to explain in detail the implementation of the PEP and relief arrangements.

Logo for Subsidised Service by the SWD

17. The SWD introduced the logo for subsidised service by the SWD.
 - (a) The SWD provided different types of subvention and subsidy for welfare organisations to provide public welfare services in areas such as elderly, rehabilitation, youth, and family and child welfare. In 2024-25, the SWD allocated over \$33 billion to about 600 service operators (including NGOs and private organisations).
 - (b) To fully reflect the Government's commitment to welfare services, and facilitate the public in identifying the SWD-subvented/subsidised welfare services, the SWD invited students from the Hong Kong Design Institute to design a new logo.
 - (c) Starting from 23 February 2024, services receiving recurrent subsidies from the SWD (including those operated by NGOs and private organisations) should display the logo as soon as possible in the following ways:
 - Displaying the logo at prominent locations (e.g. entrance and/or reception area) of services units receiving subvention/subsidies;
 - Displaying the logo in publicity items such as banners, posters, leaflets and newsletters when promoting the subvented/subsidised services;
 - Adding the logo to annual reports, newsletters, other publications and publicity items, indicating that the services were subvented/subsidised by the SWD;
 - Acknowledging the support from the Lotteries Fund (LF) in accordance with paragraph 7.2.2 of the LF Manual (revised in 02/24) for receiving a grant of \$1,500,000 or above from the LF for constructing/ renovating/fitting-out/furnishing a facility, and purchasing vehicles with the support of the LF; and
 - Displaying the logo in any other advertising formats and promotional materials as recommended or approved by the SWD.
 - (d) NGOs must use the logo in accordance with the specifications in the "Logo Usage Guideline" issued by the SWD on 23 February 2024.

Symposium on safeguarding national security for the social welfare sector of Hong Kong

18. The SWD reported that the symposium on safeguarding national security for the social welfare sector of Hong Kong was jointly organised by the LWB, the SWD and the Connecting Hearts Limited on 8 April 2024 to foster the sector's understanding of the importance of safeguarding national security as well as the implementation of the National Security Law and Safeguarding National Security Ordinance on people's wellbeing, with a view to further enhancing the sector's awareness of safeguarding national security.
19. The symposium was conducted in a hybrid online and offline format, attracting around 6 500 participants from the social welfare sector. The highly enthusiastic response demonstrated the social welfare sector's strong commitment to safeguarding national security.

Date of Next Meeting

20. The meeting was adjourned at 1:00 p.m. Members would be notified of the date of the next meeting in due course.

Social Welfare Department
May 2024