

**EDUCATION BUREAU**  
**CIRCULAR MEMORANDUM NO. 114/2016**

From : Permanent Secretary for Education      To : Supervisors/Heads of all aided schools  
Ref. : EDB(SA)F&A/65/08/1(37)  
Date : 17 August 2016

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**Operating Expenses Block Grant, Expanded Operating Expenses Block Grant  
and Composite Furniture and Equipment Grant  
for Aided Schools for the 2016/17 School Year**

**Summary**

This circular memorandum announces the revised rates of the Operating Expenses Block Grant (OEBG), the Expanded Operating Expenses Block Grant (EOEBG) and the Composite Furniture and Equipment Grant (CFEG) for aided schools for the 2016/17 school year, updates the constituent grants of the OEBG/EOEBG, and reiterates some fundamental principles and rules on their usage.

**Details**

***Adjustment of Rates and Payment***

2. On the basis of the CCPI movement between June 2015 and June 2016, the OEBG, the EOEBG and the CFEG rates for the 2016/17 school year will be adjusted upward by 2.4%. The revised rates and the updated constituent grants under the OEBG and the EOEBG as well as the CFEG rates for the 2016/17 school year are uploaded on the Education Bureau (EDB) homepage at <http://www.edb.gov.hk/oebg-e>. We will arrange the OEBG and the CFEG payments to schools by the end of August 2016 in accordance with the usual payment schedule. For the EOEBG, the payment will generally be provided on a quarterly basis in September, November, February and May. As schools may establish their Incorporated Management Committees at different times, the initial payment arrangement of the EOEBG to individual schools may vary.

***Features, Fundamental Principles and Rules of Usage of OEBG, EOEBG and CFEG***

3. In exercising flexibility in the use of resources, schools are required to consider carefully the interests of both students and staff. The annual provision of government subvention should be sufficient for schools to cover all operating expenses. Schools should have sound financial planning and good budgeting in utilizing government funding in order to meet the needs of current students as well as school development and various policy priorities. Schools are reminded to establish effective financial management processes in order to deploy their resources in a cost-effective and timely manner and to ensure that expenditures incurred are reasonable and necessary for educational purposes.

While schools may retain up to twelve (12) months' provision under the OEBG/EOEBG, they are not expected to keep too much surplus without specific purposes. Schools should set aside part of the funds under the OEBG/EOEBG as outstanding commitment for the purpose of Severance Payment/Long Service Payment<sup>1</sup> for their staff employed under the constituent grants of the OEBG or the EOEBG. Detailed guidelines have been added to the OEBG/EOEBG User Guide respectively. Schools must not use the provision to procure services or materials merely to drill students for assessments. Expenditures on celebration, entertainment, flower baskets, fruit baskets, wreaths and all other similar items for ceremonial activities or tributes to other schools should be kept to the absolute minimum.

4. Schools are required to observe the rules on usage of the OEBG, EOEBG and CFEG in the [OEBG User Guide](#), the [EOEBG User Guide](#) and the [CFEG User Guide](#) as appropriate on the EDB homepage. [Reminder Lists](#) are also uploaded for schools' easy reference. Schools should also pay special attention to the [Tips on Handling Government Subventions for Aided Schools](#) and strictly follow the advice therein. Schools are required to adhere to the related principles of handling school finance matters and follow the proper procedures for accounting and financial control as detailed in the [School Administration Guide](#), [Supplement to School Administration Guide](#), and [Guide to Financial Management for Aided Schools Operated by Incorporated Management Committees](#) whichever applicable. Schools are also required to enhance their transparency and accountability in financial management through stakeholders' participation, and put in place a rigorous checks and balances mechanism.

5. EDB will continue to disburse the recurrent Capacity Enhancement Grant (CEG) to eligible schools according to the number of approved classes in the new school year. The existing mechanism under which CEG is operated and monitored will continue. The ground rules, procedures, rates and other relevant references have been updated on the EDB Homepage at [http://www.edb.gov.hk/ceg/reference\\_e](http://www.edb.gov.hk/ceg/reference_e). **Annual plans on the use of CEG for the 2016/17 school year should be drawn up and, with the endorsement of the School Management Committee/Incorporated Management Committee, uploaded onto the homepage of the schools before end of October 2016<sup>2</sup>. The CEG released is subject to clawback if schools fail to take the above actions.**

### *Good Employer*

6. Schools are required to adopt the practices of good employers in the employment of staff with OEBG/EOEBG, including employment of janitors<sup>3</sup> and/or clerical staff under the Administration Grant/Revised Administration Grant and employment of

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<sup>1</sup>Separate subsidies are provided to aided primary, aided secondary and special schools to pay the Long Service Payment for non-teaching staff employed under Administration Grant/Revised Administration Grant. Aided primary and special schools may also claim reimbursement of the Severance Payment for these staff following the prevailing procedures. As for aided secondary schools, the Severance Payment of the non-teaching staff should be paid through Administration Grant, which is not reimbursable.

<sup>2</sup>Schools running the full-time Initiation Programme for newly arrived children should send their plans to Education Officer (Placement and Support)<sup>3</sup>.

<sup>3</sup>When deploying staff or hiring services to perform security work, schools are required to observe the statutory requirements under the related Ordinance and ensure that the person or service provider appointed holds a valid permit or licence.

teaching and non-teaching staff under the Capacity Enhancement Grant, etc. Schools are required to set reasonable remuneration for their staff while complying with the requirements of the Minimum Wage Ordinance (schools may visit the website of Labour Department: <http://www.labour.gov.hk/eng/news/mwo.htm> for details), observe the terms of employment in the contract signed with staff and maintain good communication with them on employment matters such as salaries and benefits, etc. On the basis of fairness, reasonableness and lawfulness, schools should establish a well-defined mechanism of pay adjustment and adjust the pay of the staff appropriately, having regard to the economic environment in the society and the actual circumstances of their staff. Schools should utilize their resources flexibly and deploy the surplus of OEBG/EOEBG to meet the related expenses, where necessary. They should also increase the transparency in their management and keep their staff well-informed of the salary adjustment mechanism and how relevant resources are deployed in order to maintain good relation with their staff and uphold their morale.

7. Schools should observe the principle of equal opportunities and avoid any form of discrimination in all recruitment and appointment procedures. To promote self-reliance and employment opportunities for persons with disabilities, schools are encouraged to directly employ them to fill suitable vacant posts and also to procure products or services provided by the Non-government Organisations (NGOs) operating vocational rehabilitation services/social enterprises hiring persons with disabilities through procurement procedures as and when opportunities arise. The NGOs' service units provide suitable training to enhance the employability of trainees with disabilities, while their social enterprises take the form of business activities in pursuit of a social mission to improve the employment of persons with disabilities. There are diversified products or services which include cleansing service, operation of tuck-shops in schools, catering service, bakery products, floral service and eco tour service, etc. The services provided by these disabled/disadvantaged people to schools would help heighten students' awareness of the diversity of our society and promote social harmony. Schools may also wish to note that the Social Welfare Department (SWD) is operating the Support for Self-reliance (SFS) Scheme to help the employable Comprehensive Social Security Assistance recipients rejoin the workforce. Schools may consider offering paid employment or unpaid Work Exposure Services opportunities to participants of the SFS Scheme.

8. For details of the products or services offered by the NGOs operating vocational rehabilitation services/social enterprises hiring persons with disabilities and their means of contact, schools may visit the website of Marketing Consultancy Office (Rehabilitation) of SWD (<http://www.mcor.org.hk>). For details of the SFS Scheme, schools may visit the website of the Scheme under Social Security Branch of SWD ([http://www.swd.gov.hk/en/index/site\\_pubsvc/page\\_socsecu/](http://www.swd.gov.hk/en/index/site_pubsvc/page_socsecu/)).

### ***Mandatory Tender Requirement***

9. For procurement procedures, schools should follow [EDB Circular No. 4/2013](#). The Statutory Minimum Wage becomes effective on 1 May 2011. For tenders and purchases involving wages, the tenderer must comply with the requirements of the Statutory Minimum Wage. Wages payable to an employee in respect of any wage

period, when averaged over the total number of hours worked in the wage period, shall be no less than the Statutory Minimum Wage rate.

10. Moreover, the HKSARG has adopted a mandatory requirement that service tenders which are invited on or after 1 May 2006 and rely heavily on the deployment of non-skilled workers shall not be considered for a period of five years if the tenderer has had

- (i) any conviction of the following Ordinances–
  - (a) the Employment Ordinance (Cap. 57) and the Employees' Compensation Ordinance (Cap. 282). [convictions in respect of these two Ordinances which individually carry maximum fines corresponding to Level 5 or higher within the meaning of Schedule 8 to the Criminal Procedure Ordinance (Cap. 221) will count];
  - (b) the Immigration Ordinance (Cap. 115). [convictions under Section 17I(1), Cap. 115 (offence to be employer of a person who is not lawfully employable) will count];
  - (c) Section 89, Cap. 221 and Section 41, Cap. 115 (aiding and abetting another person to breach his condition of stay);
  - (d) Section 38A(4), Cap. 115 (offence of the construction site controller if a person not lawfully employable takes employment on a construction site); or
  - (e) the Mandatory Provident Fund Schemes Ordinance (Cap. 485) [convictions under Section 7 (employer to arrange for employees to become Scheme members), Section 7A (employer and relevant employees required to contribute to registered scheme) and section 43E (making false or misleading statement), Cap. 485 will count]; or
- (ii) three or more demerit points under the demerit point system over a rolling period of three years for breaching contractual obligations in respect of wages, daily maximum working hours, signing of standard employment contracts with and wage payment by means of autopay to non-skilled workers employed for the carrying out of the contract with the Government.

In this connection, schools should require the tenderer to submit a declaration that, during the 5-year period immediately preceding the tender closing date, it did NOT have the above-mentioned conviction OR three or more demerit points over a rolling period of three years.

### **Enquiries**

11. For enquiries on education subvention policy, please contact the respective Senior School Development Officers. For payment and accounting matters, please

contact the Finance Division of this Bureau at 2892 6232 (primary schools), 2892 6233 (secondary schools) or 2892 6234 (special schools).

( Ms Y Y SO )  
for Permanent Secretary for Education

c.c. : Supervisors/Heads of caput and government schools  
Heads of sections  
Supervisors/Heads of Direct Subsidy Scheme Schools and schools running the full-time Initiation Programme for newly arrived children – for information and necessary action regarding paragraph 5