

EDUCATION BUREAU
CIRCULAR MEMORANDUM NO. 138/2018

From : Permanent Secretary for Education To : Supervisors/Heads of all aided schools
Ref. : EDB(SA)F&A/65/08/1(41)
Date : 21 August 2018

**Operating Expenses Block Grant, Expanded Operating Expenses Block Grant
and Composite Furniture and Equipment Grant
for Aided Schools for the 2018/19 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 2018/19 school year, and reiterates some fundamental principles and rules on their usage.

Details

Adjustment of Rates and Payment

2. On the basis of the movement of the Composite Consumer Price Index (CCPI) between June 2017 and June 2018, the OEBG, the EOEBG and the CFEG rates for the 2018/19 school year will be adjusted upward by 2.4%. The revised rates of the constituent grants under the OEBG and the EOEBG as well as the CFEG rates for the 2018/19 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 2018 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.

Changes to Constituent Grants of OEBG/EOEBG

3. Schools are requested to note the following changes to the constituent grants under the OEBG and EOEBG with effect from the 2018/19 school year:

(i) Air-conditioning Grant

It will be included in the General Domain of the OEBG/the School Specific Grant under the EOEBG for aided primary schools, aided secondary schools and aided special schools, to replace the former “Noise Abatement

Grant” and “Air-conditioning Grant for Schools for Physically Disabled/Severely Intellectually Disabled Children”.

(ii) Administration Grant for Enhanced Support Service for Students with Hearing Impairment¹

It will be included in the School Specific Grant under the EOEBG for relevant aided special schools, viz. the School for Children with Hearing Impairment providing the service concerned, to replace the former grants for “Enhanced Support Service for Hearing Impaired Students Attending Ordinary Primary Schools” and “Supportive Remedial Service for Hearing Impaired Students Attending Ordinary Secondary Schools”.

4. As announced in the Chief Executive’s Policy Address in October 2017, in order to create a better learning environment, the Government will provide air-conditioning systems for standard teaching facilities (including classrooms and special rooms), student activity centres and assembly halls in all public sector schools². Moreover, starting from the 2018/19 school year, a recurrent Air-conditioning (AC) Grant will be provided for aided schools to cover the related daily expenses, including electricity charges and routine maintenance costs. The AC Grant will be subsumed under the General Domain of the Operating Expenses Block Grant (OEBG) / the School Specific Grant of the Expanded Operating Expenses Block Grant (EOEBG) for aided schools. The prevailing arrangements of the OEBG/EOEBG for the ambit, adjustment of rates, schedule of disbursement and surplus retention will be applicable to the AC Grant. For the principles of calculation of the AC Grant for aided schools, please refer to Appendix 1. Relevant information and the rates of the AC Grant for aided schools in the 2018/19 school year are uploaded on the EDB homepage at <http://www.edb.gov.hk/oebg-e>. As the aforementioned provision of air-conditioning systems covers all standard teaching facilities in aided schools, with the disbursement of the AC Grant with effect from the 2018/19 school year, EDB will cease to provide schools with the “Noise Abatement Grant” and “Air-conditioning Grant for Schools for Physically Disabled/Severely Intellectually Disabled Children” simultaneously with effect from the 2018/19 school year.

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

5. 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

¹ This grant is provided to the School for Children with Hearing Impairment providing the Enhanced Support Service for Students with Hearing Impairment.

² Schools under the Direct Subsidy Scheme (DSS) will also be benefitted from the initiative. The Air-conditioning Grant will be included in the DSS unit subsidy rates. The above arrangements are also applicable to the bedroom and study room, TV/common room and dining/multi-purpose room in the boarding section of special schools/ex-practical schools.

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 Payment³ 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.

6. 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.

7. 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. **Annual plans on the use of CEG for the 2018/19 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 2018⁴. The CEG released is subject to clawback if schools fail to take the above actions.**

Good Employer

8. Schools are required to adopt the practices of good employers in the employment of staff with OEBG/EOEBG, including employment of janitors⁵ and/or clerical staff

³ 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.

⁴ Schools running the full-time Initiation Programme for newly arrived children should send their plans to Education Officer (Placement and Support)³.

⁵ 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.

under the Administration Grant/Revised Administration Grant and employment of 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 relations with their staff and uphold their morale. Besides, when appointing contract teachers, schools should refer to [EDB Circular No. 10/2017 on “Optimising the Use of Teaching Manpower Resources”](#) and the guidelines therein to provide them with reasonable remunerations, leave entitlement, etc.

9. 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.

10. 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/).

Mandatory Tender Requirement

11. 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.

12. 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

13. 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 7

Principles of Calculation of Air-conditioning Grant for Aided Schools

Classification of Eligible Facilities

Except for the rooms/facilities constructed by the schools' own fund, all standard teaching facilities (including classrooms and special rooms), student activity centres and assembly halls¹ in public sector schools, as well as bedrooms and study rooms, TV/common room and dining/multi-purpose room in the boarding section of special schools/ex-practical schools, which are used directly for teaching and learning or scheduled with regular student activities, are classified as "eligible facilities" and provided with air-conditioning systems.

2. The related daily expenses of the air-conditioning systems, including electricity charges and routine maintenance costs, of all the eligible facilities confirmed by EDB can be paid from the Air-conditioning (AC) Grant if air-conditioning systems have been installed in those facilities (including air-conditioning systems installed by schools prior to the implementation of this initiative). In addition, EDB will provide major repairs (MR)/emergency repairs (ER) for the air-conditioning systems installed in all the eligible facilities under the prevailing mechanism, including replacement of air-conditioning systems if necessary.

3. According to the recent Schedule of Accommodation (SoA), eligible facilities can be classified into 6 categories:

- i. **Classroom:** registered classroom
- ii. **Small Group Teaching Room:** room which is in general about half the size of a classroom
- iii. **Special Room:** special room that is directly related to academic subjects and is for conducting regular teaching activities, such as music room, visual arts room, multi-purpose room, laboratory, and room for therapy/treatment/training (applicable to special schools only), etc., but excluding those that are already provided with air-conditioning systems as standard facilities prior to the implementation of this initiative, such as computer assisted learning room, computer room, guidance activity room, speech therapy room (applicable to special schools only) etc.
- iv. **Student Activity Centre:** larger room (the size is approximately three times the size of a classroom) for student activities. Other rooms with regular student activities but are not directly related to the teaching of academic subjects, such as Science, Technology, Engineering, and Mathematics (STEM) room and campus TV room, can be classified into this category for the calculation of the AC Grant. In special schools, rooms for students' therapy/treatment/training, other than those standard special rooms of the type of special schools concerned, such as sensory integration therapy room, physiotherapy or occupational therapy room not belonging to schools for children with physical disability/severe intellectual disability, can also be classified as eligible facilities under this category
- v. **Assembly Hall:** an area for schools to conduct major functions and student assemblies, including hall-related rooms/parts, such as stage, balcony and dressing room, etc.
- vi. **Boarding Section** (applicable to special schools and ex-practical schools only): bedroom and study room, TV/common room, and dining/multi-purpose room

¹ If schools do not have an assembly hall, one covered playground will be provided with air-conditioning systems.

Caps on Number of Each Type of Rooms for Calculation of AC Grant

4. The caps on the number of special rooms to be counted for the calculation of the AC Grant are set according to the type and number of special rooms listed in the current SoA for 30-classroom Primary School and Secondary School, as well as the SoA of recent school building projects for different types of special schools. Details are listed in Table 1 below:

Table 1: Caps on Number of Each Type of Rooms for Calculation of AC Grant in Aided Schools (Only air-conditioned rooms are counted)

	Primary School	Secondary School	Special School
Classroom*	The calculation is based on the number of approved classes of the school year (excluding the number of classes approved under the Intensive Remedial Teaching Programme in primary schools), plus two additional classrooms for split-class teaching, but capped at the total number of registered classrooms of the school.		
Small Group Teaching Room	4	3	School with 18 or more classrooms: 3 School with less than 18 classrooms: 2
Special Room*	1 for each of the following types of rooms: music room, visual arts room, general studies room, multi-purpose room and library [#] , making up a total of 5.	1 for each of the following types of rooms: music room, visual arts room, multi-purpose room, biology laboratory, chemistry laboratory, physics laboratory, design and technology room, needlework room, home management room and geography room, plus two integrated science laboratories, making up a total of 12. (Note: for schools with a workshop, the workshop can replace any of the aforementioned special rooms. In other words, the cap on the number of special rooms for each school remains at 12.)	The caps on the number of special rooms for different types of special schools are listed as follows: Mild intellectual disability: 8 Moderate intellectual disability: 8 Severe intellectual disability: 8 Physical disability: 12 Social development: 9 Hearing impairment: 9 Visual impairment: 11 For the categories of eligible special rooms for different types of special schools, please refer to Table 2.
Student Activity Centre (SAC)	1 Apart from the SAC, if schools have other rooms/facilities that are not directly related to the teaching of academic subjects but scheduled with regular student activities (excluding rooms mainly used for storage), schools will be additionally provided with subsidy that is equivalent to the rate of an SAC, regardless of the number of rooms. The same arrangements will also be applicable to other eligible facilities that are used for students' therapy/treatment/training in special schools (if not belonging to the standard special rooms of the type of special schools concerned).		

	Primary School	Secondary School	Special School
Assembly Hall / Covered Playground-cum-hall	1 (including hall-related rooms/parts)		
Boarding Section: bedroom and study room	-	(Applicable to ex-practical schools only) Based on the number of approved boarding places of the school year	Based on the number of approved boarding places of the school year
Boarding Section: TV/common room	-	(Applicable to ex-practical schools only) 1	1
Boarding Section: dining /multi-purpose room	-	(Applicable to ex-practical schools only) 1	1

*The number of rooms will be counted as 0.5 when the size of room is equal to or less than half of the standard size as set out in the SoA.

#Library - will only be included in the calculation of the AC Grant for primary schools.

Table 2: Categories and Caps on Number of Eligible Special Rooms in Different Types of Special Schools

	Cap	For Special Schools Only						
		Mild Intellectual Disability	Moderate Intellectual Disability	Severe Intellectual Disability	Physical Disability	Social Development	Hearing Impairment	Visual Impairment
Music Room	1	✓	✓	✓	✓	✓	✓	✓
Visual Arts Room	1	✓	✓	✓	✓	✓	✓	✓
Multi-purpose Room	1	✓	✓	✓	✓	✓	✓	✓
Resources Room (for Teaching and Learning)	1	✓	✓	✓	✓	✓	✓	✓
Home Economics Room	1	✓	✓		✓	✓	✓	✓
Design and Technology Room	1	✓	✓			✓	✓	✓
Integrated Science Laboratory	1				✓	✓	✓	✓
Optional Subject Room (New Senior Secondary Electives/Other Learning Experience) [Note 1]	2 - 3	✓✓	✓✓	✓✓ [Note 2]	✓✓✓	✓✓	✓✓	✓✓
Physiotherapy Room	1			✓	✓			
Occupational Therapy Room	1			✓	✓			
Activities of Daily Living Room	1				✓			
Low Vision Training Room	1							✓
Orientation and Mobility Room	1							✓

Note 1: "Optional Subject Room" is for special schools operating senior secondary classes only.

Note 2: "Optional Subject Room" in schools for children with severe intellectual disability may include "Special Room for Practical Subject" and "Multi-media Activity Room".

5. The numbers of different types of special rooms counted for the calculation of the AC Grant are subject to the caps as indicated in the tables above. Under special circumstances, if schools can provide full justifications, including class timetable, EDB may adjust the cap of individual types of room/facility for the calculation of the AC Grant on individual merits. However, in principle, the caps on the total number of special rooms for primary and secondary schools are 5 and 12 respectively. The total number of special rooms for special schools should not exceed the caps of respective types of special schools (the range of the cap is between 8 and 12 accordingly).

6. Apart from one SAC, if schools have other eligible rooms for students' after-school activities, such as STEM room and campus TV room, etc. (excluding rooms mainly used for storage), EDB will provide additional subsidy equivalent to the rate of an SAC, regardless of the number of such rooms (the air-conditioning systems installed in the rooms/facilities will also be included in the scope of maintenance provided by EDB). The same arrangements are also applicable to the eligible facilities that are used for students' therapy/treatment/training in special schools (if not belonging to the standard special rooms of the type of special schools concerned), such as sensory integration therapy room, physiotherapy or occupational therapy room not belonging to schools for children with physical disability/severe intellectual disability. In other words, in principle, the subsidy for SAC will be capped at 2 for each school.

7. As the air-conditioning systems in some of the rooms (such as rooms for administration, staff room, computer room, computer assisted learning room, guidance activity room, language room, speech therapy room (applicable to special schools only) etc.) in schools have all along been regarded as standard facilities, the related expenditure on electricity has been covered by the Operating Expenses Block Grant (OEBG) / Expanded Operating Expenses Block Grant (EOEBG) and thus will not be included in the calculation of the AC Grant. Besides, rooms/facilities constructed by the schools' own fund, covered playground (except schools without assembly hall), or rooms mainly used for storage of teaching aids/tools (no regular teaching/student activities, such as store room, resources room, etc.) are neither regarded as eligible facilities nor included in the calculation of the AC Grant or provision of air-conditioning systems.

8. Schools may change the room use or make structural alteration to the teaching facilities in accordance with the prevailing mechanism to cater for the needs of schools. Schools should comply with the EDB's requirements and the requirements set out in the relevant legislation for the alteration, including obtaining prior approval from the government departments concerned and informing EDB. Otherwise, the rooms/facilities concerned will neither be regarded as eligible facilities nor be included in the calculation of the AC Grant temporarily. Additionally, eligible facilities which are temporarily not in use or without air-conditioning systems installed, or are under renovation and will not be available for use in the near future, will not be included in the calculation of the AC Grant.

Rates of Air-conditioning Grant

9. The rates of the AC Grant for classrooms, small group teaching rooms² and special rooms in the 2018/19 school year are calculated based on the rates of the Noise Abatement Grant (NAG)³ in the 2017/18 school year and adjusted in accordance with the movement of

² The rate of a small group teaching room is equivalent to the rate of 0.5 classroom.

³ In the 2017/18 school year, the rates of NAG per classroom per annum and per special room per annum for whole-day schools are \$9,164 and \$23,243 respectively; the rates per classroom per annum and per special room per annum for unisessional schools are \$7,312 and \$18,597 respectively; the rates per classroom per annum and per special room per annum for bisessional schools are \$11,949 and \$30,214 respectively.

the Composite Consumer Price Index (CCPI) between June 2017 and June 2018. The rates for SAC and assembly hall⁴ are equivalent to the rates of 1 classroom and 2.5 special rooms respectively. If schools have no assembly hall, one covered playground will be given a subsidy equivalent to the rate of 2 special rooms. The latest rates of the AC Grant are available on the EDB homepage at <http://www.edb.gov.hk/oebg-e> for schools' information and reference.

10. As regards the boarding section (applicable to special schools and ex-practical schools only), the rates of bedroom and study room as well as TV/common room and dining/multi-purpose room are determined with reference to the rates of NAG for classroom and special room respectively and adjusted according to the estimated room usage. The rates of the AC Grant for each type of room/facility in the boarding section in the 2018/19 school year are calculated based on the relevant rates in the 2017/18 school year and adjusted in accordance with the movement of the CCPI between June 2017 and June 2018. The latest rates of the AC Grant are available on the EDB homepage at <http://www.edb.gov.hk/oebg-e> for schools' information and reference.

Financial and Accounting Arrangements

11. The AC Grant will be subsumed under the General Domain of the OEBG / the School Specific Grant of the EOEBG for aided schools. The prevailing arrangements of OEBG/EOEBG for the ambit, adjustment of rates, schedule of disbursement and surplus retention are applicable to the AC Grant.

⁴ If the size of the assembly hall is equal to or less than half of the standard size as set out in the SoA, the rate is equivalent to the rate of 2 special rooms.