

**Conditions Pertaining to the Use of Block Grant for
Replenishment of Furniture and Equipment and
Minor Works for Existing Premises Providing
Subvented Welfare Services for 2026-27**

Non-governmental organisations (NGOs) are required to observe all the conditions and requirements as stipulated in Chapter 1 (on general issues), Chapter 4 (on ambit and eligibility, allocation, payment and control), Chapter 6 (on procurement and stores management) and Chapter 7 (on acknowledgement) of the prevailing Lotteries Fund (LF) Manual when utilising Block Grant (BG).

2. NGOs are allowed to flexibly utilise the BG allocation and reserve to purchase furniture and equipment that are not listed in the “Reference Furniture and Equipment Lists” (“F&E Lists”) for their existing premises providing Social Welfare Department (SWD) subvented welfare services. NGOs do not need to seek SWD’s prior approval for doing so. The “F&E Lists” on this Department’s website are for reference only, they are intended for NGOs that require guidance.

3. BG should not be used for items outside the ambit as set out in paragraph 4.2.1 to 4.2.7 of the prevailing LF Manual. NGOs are particularly reminded that the following items or scopes of expenses should not be charged to BG –

- a) service units not under the subventions of Social Welfare Department (SWD) (including child care centres converted to kindergartens or kindergarten-cum-child care centres under the exercise of harmonisation of pre-primary services effective from 1 September 2005);
- b) service units to be closed down or no longer subvented within the next three years (i.e. during 2026-27 to 2028-29);
- c) works of service units which are scheduled to be reprovisioned within the next three years (i.e. during 2026-27 to 2028-29);
- d) services obtained by NGOs through contracting with SWD that are not governed by subvention rules;
- e) recurrent expenses or their capitalisation such as repair and maintenance of Furniture & Equipment (F&E) items, e.g. air-conditioners, washing machine and drying machine, maintenance of gas / fire services installations;
- f) minor works / F&E items which have been covered by recently approved LF grants or LF applications under vetting;
- g) works in respect of non-premises-tied service units, such as Occasional Child Care Service, Supported Team for the Elderly, Integrated Programme for Mildly Disabled Children, Supported Employment Programme, etc.;

- h) minor works project each costing **\$500,000 or above** for individual service unit;
- i) minor works for premises fitted out or renovated within the recent five years (i.e. during 2021-22 to 2025-26) counting from the practical completion date;
- j) fitting-out works for new / reprovisioned premises or in-situ expansion;
- k) conversion of the existing premises as a result of in-situ expansion or addition / reduction of space provided for the existing service unit;
- l) engineer slope investigation / remedial works;
- m) non-standard works items such as changing the schedule of accommodation without prior approval of SWD;
- n) F&E items each **exceeding \$50,000**;
- o) F&E items which have been purchased with allocations from LF within the recent five years (i.e. during 2021-22 to 2025-26);
- p) ad-hoc F&E requirements for new / reprovisioned premises or in-situ expansion;
- q) procurement / replacement of vehicles; and
- r) implementation of information technology (IT) projects, such as enhancement / development / re-development of IT infrastructure / system.

The onus of ensuring BG to be spent on items within the ambit rests solely with NGOs. SWD may conduct surprise audit of NGOs' accounts and random check to ensure their compliance with the requirements stipulated in the Approval Letter and prevailing LF Manual.

4. New arrangements for procurement of F&E with the use of the LF have been implemented starting from 1 August 2015. NGOs may use their BG allocated for replenishment of F&E of their existing premises providing SWD-subvented services.

5. NGOs will have to absorb any additional recurrent expenditure arising from the use of BG. Neither SWD nor the LF would accept any liability, recurrent or capital, arising therefrom, including but not limited to any subsequent replacement of above-standard / non-standard items or the additional recurrent requirements arising from the use of such items.

6. Unspent balance of BG in any year may be carried forward to the next financial year for use for the same purpose. NGOs should keep any unspent balance of BG allocation together with other subventions from this Department in one interest-bearing Hong Kong Dollars account with a bank licensed in Hong Kong. The interest generated may be utilised as part of the grant. Any excess of expenditure will be borne by NGOs by using their own funds.

7. For accounting purpose, NGOs should create a special account on “Movement of the F&E Replenishment and Minor Works BG Reserve” to record the details of these transactions. In addition, these details and any unspent balance of the account should be shown in the NGOs’ audited annual financial statements for the year ending 31 March 2027 which should be submitted to the Finance Branch of SWD **no later than 31 October 2027**.

8. NGOs should attach to the audited financial statements submitted to the Finance Branch of SWD a designated pro forma entitled “Details of the Use of F&E Replenishment and Minor Works BG”, in both hard and soft copies, providing information on the way the BG has been spent within the financial year. The total amount of the expenditure should tally with the figure in the audited financial statements of accounts. The statements should be certified by the Head of the NGO and the Chairperson of the NGO’s Board of Directors.

9. NGOs will receive the template of the “Movement of the F&E Replenishment and Minor Works BG Reserve” and the pro forma entitled “Details of the Use of F&E Replenishment and Minor Works BG” when they are informed of the BG allocations.

10. In the event of late submissions of financial reports as mentioned in paragraphs 7 and 8 above, SWD may withhold the quarterly disbursement of BG for the current financial year or reserve the right to retrieve the allocated BG from the NGO. Subsequent BG applications of the NGO may also be rejected.

Lotteries Fund Projects Section

Social Welfare Department

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