

本署檔號 Our Ref.: SWD/S/102/1 (2022)
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23 March 2022

Chairpersons/Heads of
Non-governmental Organisations (NGOs)
operating subvented welfare services

Dear Sir/Madam,

Social Welfare Subventions for 2022-23

This is to inform you of the subvention allocations to your organisation for operating existing welfare services for 2022-23. Please note that the subvention allocations should only be regarded as confirmed subject to passing of the Appropriation Bill 2022 by the Legislative Council.

Subvention Allocations

2. With the implementation of the Expenditure Reduction Programme (ERP) for 2022-23, there will be an across-the-board 1% reduction of subventions on all existing services and new services¹ operated by NGOs under the Lump Sum Grant (LSG) or non-LSG mode of subventions. The allocations to your organisation and subvention related matters are contained in the following enclosed documents -

Enclosure I: Subvention allocations to your organisation for 2022-23 with -

- **Attachment A** on the adjustment factors for this allocation exercise; and
- **Attachment B** on the adjustment of provident fund for 2020-21, where applicable.

Enclosure II: A list of subvented welfare services as at 1 April 2022 operated by your organisation under Funding and Service Agreements (FSAs), and supporting services, where applicable.

¹ As mentioned in the notification letter of 8 December 2021 to NGOs, four items would be exempted from contributing to the ERP: (a) provident fund payable on actual basis for the 'snapshot staff' of NGOs; (b) reimbursement of rent and rates for subvented service units; (c) Foster Care Allowance; and (d) Incentive Allowance for Sheltered Workshops / Integrated Vocational Rehabilitation Services Centres.

3. As the Chief Executive-in-Council has decided that the pay for civil servants in the upper, middle and lower salary bands and the directorate for 2021-22 be frozen, there was no adjustment of mid-point salaries for the subvention allocations to individual NGOs in 2021-22.

4. The Other Charges (OC) will be adjusted upward by 0.9% for 2022-23 with reference to the Composite Consumer Price Index (CCPI).

Rates for 2022-23

5. There will be no adjustment for subvention allocation in respect of the provisional rates for 2022-23 despite the overall decrease of 0.9% with reference to the movement of rental indices for the 12-month period ended on 30 September 2021 published by the Rating and Valuation Department. Furthermore, the Financial Secretary announced in the Budget Speech on 23 February 2022 the waiving of rates for 2022-23, subject to a ceiling of \$5,000 per quarter for the first two quarters (April 2022 to September 2022) and \$2,000 per quarter for the following two quarters (October 2022 to March 2023) of each non-domestic rateable tenement. The Social Welfare Department (SWD) will NOT withhold the recognised subvention payments for rates in respect of subvented service units for the entire year of 2022-23, but any surplus from subvention payments for rates at the end of 2022-23 will be clawed back in accordance with the existing practice.

Fee Adjustment in 2022-23

6. Under the prevailing subvention policy, the amount of recognised fee income for subvented services is taken to offset the amount of subvention. Following the Financial Secretary's announcement on 15 August 2019 to implement a fee review moratorium on government fees and charges, it was further extended in September 2020 for supporting businesses and relieving people's financial burden. The recognised fee income to be deducted is therefore maintained at the level of 2018-19, which is included in the subvention allocations listed in **Enclosure I**.

Acceptance of Subvention Allocations

7. The roles, responsibilities and performance standards of service providers are stipulated in the relevant FSAs / service agreements / notification letters in force. Accepting the subvention allocations means that your organisation agrees to take on the relevant responsibilities and to meet the performance standards as required. **To indicate your acceptance of subvention allocations, please sign and return the proforma at Enclosure III on or before 31 March 2022. Please note that SWD may consider withholding the subventions to your organisation for 2022-23 if we do not receive your reply by the deadline.**

Subvention Rules

8. NGOs receiving LSG and other social welfare subventions are directly accountable to SWD and the public for the proper and prudent use of public funds. It is the responsibility of NGOs' board and management to maintain proper control of the subventions and ensure compliance with the requirements as set out in the latest edition of the Lump Sum Grant (LSG) Manual, LSG Circulars, management letters issued by the SWD in respect of subvention policies and procedures, the Best Practice Manual (BPM), the Guide to Social Welfare Subventions, whichever is applicable, and the relevant guidance notes for specific services.

Corruption Prevention and Probity Requirements

9. It is the responsibility of NGOs' board and management to ensure that its management, board members and staff comply with the Prevention of Bribery Ordinance (Cap. 201) and the relevant requirements. The NGOs' board and management shall prohibit the members, staff, agents, and contractors from offering, soliciting or accepting advantages when discharging their duties under the FSA. With regard to the provision of the subvented services, the NGOs' board and management shall avoid and declare any conflict of interest.

10. NGOs' board and management should make reference to the relevant guidelines on corruption prevention and probity requirements to uphold integrity in every aspect, including but not limited to the governance structure, internal control, financial/fund management, procurement, staff administration, delivery of services/activities, management of maintenance works as set out in the "Best Practice Checklist on Governance and Internal Control in Non-Governmental Organisations" and the "Integrity and Corruption Prevention Guide on Managing Relationship with Public Servants" issued by the Independent Commission Against Corruption.

Foster Care Allowance

11. The allocation for Foster Care Allowance is a central item for designated purpose. Please refer to **Attachment C** to **Enclosure I** for the notes and conditions for Foster Care and Foster Care (Emergency) Services for 2022-23, where applicable.

12. For details, please refer to the relevant enclosures as listed below –

<u>Subject</u>	<u>Enclosure</u>
(1) Use of subventions	Enclosure IV <ul style="list-style-type: none">• Type A for NGOs under Lump Sum Grant (LSG)• Type B for NGOs receiving subventions under conventional mode other than the Lump Sum Grant (LSG)
(2) Employment of staff and related matters	
(3) Submission of service information and financial statements	
(4) Surpluses account	
(5) Claim for conditional/ supplementary subventions	Enclosure V <ul style="list-style-type: none">• Type A for NGOs under Lump Sum Grant (LSG)• Type B for NGOs receiving subventions under conventional mode other than the Lump Sum Grant (LSG)
(6) Internal control	Enclosure VI

Enquiries

13. A contact list of the Social Work Officers (SWOs) of the Subventions Section designated for the 170 NGOs operating subvented welfare services is attached at **Enclosure VII**. For enquiries on matters relating to subventions and service performance, please contact the SWO designated for your organisation.

Yours faithfully,

(signed)

(Ms LUI Ka-wing)
for Director of Social Welfare

Encls.