PERFORMANCE IMPROVEMENT FRAMEWORK

Follow-up Review of the Ministry of Education

MAY 2013

State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet

newzealand.govt.nz

PIF FOLLOW-UP REVIEW

It is important to understand the context within which the Performance Improvement Framework (PIF) is being delivered. There are two developments driving change across the public sector. The first one is that everywhere across the world people are under some fiscal constraint of one sort or another, some more severe than others. What that means is that there isn't a lot of money around to fund services, so people have to look really hard at how they get the best value from the dollar they've got. The second big development is that people's expectations, citizens' expectations, are rising. People want to interact with government in a different way. People's expectations of the sorts of services they can get from government are changing. It's partially a generational thing, there is a huge change coming in terms of the way individuals want to access services. But, more critically, people expect more from their tax dollar. These two things in particular are driving the need for the State Services to do things differently. The changes we made in the late 80s and early 90s were world leading. They had lots of strengths but they had lots of weaknesses. While PIF builds on the strengths of those early reforms the stated aspiration is to take New Zealand from having a good public service, which it has today, to a great public service in the future.

The New Zealand public service is already number one in the world for the absence of corruption. Senior leaders in the State Services want to lift performance in a number of other areas to make sure we have the best public service in the world. PIF is a key tool to enable public servants to do just that. At its heart a PIF is a review of agencies' fitness-for-purpose as they prepare for the challenges in the future. It looks at the current state of an agency, then how well placed the agency is to deal with the issues that confront it in the near future. It looks at the areas where the agency needs to do the most work to make them fit-for-the-future. And, because change does not happen overnight, the PIF is evolving to assist chief executives and Chairs beyond their first report. The PIF Follow-up Review is a stock take of the progress the agency has made since its initial review. It is another example of the public service taking ownership of its own continuous improvement and using the PIF to do its job better. As with the first reports, these reports are published. That way the public can have confidence that the public sector is continuing to improve its performance year in and year out.

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BACKGROUND

The initial PIF Review was carried out in 2010 and published in mid 2011. It noted that changes had been under way for some time in the Ministry. It identified, however, a number of issues that needed to be addressed if the Ministry was to help ensure that education played its full role in lifting economic and social outcomes, including enabling the benefits of economic change to spread across society.

The current Secretary for Education, Lesley Longstone,[1] took up her position in November 2011 and initiated a large programme of change across personnel, systems and processes within the Ministry to lift its ability to deliver on improved outcomes from the education sector.

The Chief Executive has asked that the Follow-up Review focus on leadership and change management, including both education system leadership and the development of people capability within the Ministry. These issues are critical to the ability of the Ministry to influence the performance of the education sector.

Since the initial PIF Review was undertaken in 2010 the Framework has been developed further and now includes the Lead Reviewers' views of the 'Desired Future State – Four-year Excellence Horizon'. While a full review has not been undertaken, this section is included in this update report. This Review was carried out during November and December 2012.

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1. This review was conducted prior to Lesley Longstone's resignation on 19 December 2012, although the text was finalised in 2013.

LEAD REVIEWERS' VIEW

In undertaking this PIF Follow-up Review the Lead Reviewers considered: "What is the contribution that New Zealand needs from the Ministry of Education and therefore, what is the performance challenge?"

Recent Context

There are three main groups of issues relevant to this Review and to the critical opportunities for improvement.

Changes in government expectations

The focus on student achievement noted in the previous Review has been sharpened with the addition of the Better Public Services (BPS) results. Ministers have set challenging targets for participation in early childhood education and for the proportion of students achieving qualifications at National Certificate of Educational Achievement (NCEA) Level 2 and New Zealand Qualification Framework (NZQF) Level 4 certificate qualifications. Meeting these targets will require an increase in achievement from groups of learners with historically low performance. These BPS targets sit alongside the emphasis on literacy and numeracy and the need to rebuild Christchurch following the earthquakes.

Social sector agencies are expected to work together to achieve these BPS results and for others, such as those to reduce the extent of long-term welfare receipt, the protection of vulnerable children and youth justice. Explicit responsibilities for leading and contributing to the results have been set. These place an obligation on the Ministry of Education to contribute jointly to a much greater extent than in the past.

Internal changes

The Secretary has initiated a wide-ranging set of changes to address issues identified in the initial PIF Review and to changes in Ministers' expectations. These include a new structure, a new executive team with clearer accountabilities, new 'governance' bodies, along with taskforces directed at priority outcomes and tighter management disciplines. Processes are in place or being implemented to increase the quality performance of policy and operations. More conscious and proactive relationship management is being developed.

An aim is to be more data driven and to enable 'end-to-end' planning and execution that concentrates resources where they have the biggest impact on outcomes.

These changes are under way but none are fully effective yet. For instance, appointments to the executive team have been completed only recently but the team has yet to fully develop. Senior appointments have been made to the regional structure but other details are yet to be worked through. In all other areas the plans are still in the process of bedding down and are not fully effective.

The new government expectations, which require agencies to work in quite different ways on some very challenging problems, and the internal changes mean there is a huge amount of complex change under way in the Ministry. This involves all parts of the Ministry: tertiary, Youth Guarantee, special education, early childhood education and schooling, as well as support functions, such as property and information and communications technology (ICT). Many of these changes do not simply involve changes in policy but also call for shifts in the skills and mindsets of staff. Managing such complex tasks is challenging.

End-to-end policy design, operational implementation and delivery

While the Ministry has delivered results in areas as diverse as tertiary, Youth Guarantee, early childhood education, special education, property, and services with iwi, public attention has been captured by some high profile events.

Some of these events, such as the release of the National Standards data, have been successfully managed. However, there has been intense public scrutiny of other perceived failures. As a consequence, leadership credibility has been reduced from the impact of three major misadventures during the year. These were the reversal of the Budget decision on staffing ratios, the announcement of the Christchurch education renewal proposals and the ongoing performance of Novopay. These issues not only have consumed considerable attention from the Secretary and the Leadership Team (LT), they also have been quite damaging to the confidence of Ministers and the public reputation of the Ministry.

The Performance Challenge

Lifting student achievement of all students is fundamental

A feature of the New Zealand education system is the high standard of student achievement for the majority of students, relative to that in most other countries. This is offset against a greater proportion of low achievers.

Lifting the achievements of the lowest quintile would help lift productivity and the incomes of those students once in the workforce. It would also have important social outcomes. People with higher levels of education have better health and a positive effect on the educational achievements of their own children. There are wider effects; education drastically reduces the likelihood of long-term benefit receipt and can play a positive effect on reducing harm to vulnerable children.

The first challenge for the Ministry is to find ways to lift achievement of the bottom quintile. This will require far greater targeting. The best methods are unclear and likely to vary depending on the context. Finding methods that work well will require a willingness to try new ideas, to evaluate and promote what works. Drawing on ideas and experience that is relevant for the variety of circumstances will require engagement with a variety of stakeholders.

A second challenge is for the Ministry to deal with the observation that achievement levels at the top end are holding steady while those of students in other countries are rising. International competitiveness will eventually be threatened by this relative decline in achievement. This is an important issue but perhaps less urgent than addressing the underachievement of the lowest quintile of students. The Ministry needs to prepare to deal with this.

A third challenge for the Ministry is to exercise its leadership to support the wider education sector to deliver increased levels of achievement for those students underachieving. The Ministry is not without levers but the most important task is to influence others to act and to support them where necessary, to get system change. Doing this will work best when all parts of the Ministry are clear about the nature of their roles and aligned toward lifting achievement.

Progress to Date

Given the focus on leadership, this section comments on actions taken directly in relation to leadership and then on issues particularly important for the exercise of that leadership.

Leadership

All line members of LT are in place with an appointee due to arrive as a Deputy Secretary (DS) for the Office of the Chief Executive. LT must now develop a consolidated (and tightly prioritised) strategy on how to give effect to the broad direction set for the Ministry. All LT members need to deliver the level of support needed by the Secretary. Completing the establishment phase and moving quickly to a fully effective LT is a key priority, as discussed further below.

At a high level, the strategic direction is well embedded within the Ministry though what it means in practice seems less clear. Some staff are uncertain about what actions the Ministry should take and where the boundaries of responsibility lie. They also sometimes raise questions about the general trajectory of change for the Ministry, particularly where there are strong interdependencies; although staff are clearer about their own specific work areas.

There is a complex system of governance boards, with an overall board for the Ministry, six portfolio boards and four management boards. Portfolio boards cover from policy through to delivery in the portfolio area and monitor progress, with the ability to reallocate resources on projects within the portfolio.

Different governance boards operate in slightly different ways. We received many favourable comments about the increase in transparency from the boards, accompanied by comments hoping that the processes would be streamlined, a limit applied to the length of papers and a greater focus on decision-making. We understand that a review is intended shortly, with the aim of sharpening up processes and rationalising some of the boards. It is also important that the Boards are not seen as a substitute for the LT collectively leading the strategic direction and priorities of the Ministry.

The structure has been realigned with all regional operations under a DS and three regional directors. The focus is shifting to how the regions will operate to better align operations with policy priorities, furthering the 'One Ministry' aspiration. It is essential that policy fully draws on the knowledge and competencies of operational staff when designing new policy. It is also essential that programmes delivered regionally are also managed regionally. Regional operations are critical to delivering targeted, customised resources to underpin improved student achievement of the lowest quintile.

Other structural changes are complete. It will be important to have a consistent operating model across the Ministry to ensure end-to-end connections. There would be merit in the Ministry looking to the implications of the professional practice model that underpins how the sector works in thinking about its own internal functioning.

Management disciplines are being applied more rigorously than before and are now recognised as 'no longer optional'. Project and programme management methods are helping to tighten priorities. More systematic management is being applied to areas such as finance, property and infrastructure, ICT and communications. Recruiting has been used to bring in specialist skills previously missing in the Ministry. The process of lifting achievement in these support areas seems well under way with further change expected over the next 18 months to two years.

Relationship management

Management of relationships is a critical component to influencing the sector. It is clear that getting effective change will depend on establishing a solid relationship with stakeholders. The Ministry is developing a more conscious and structured approach to stakeholders and has broadened its relationships to include the business sector and parents. This seems highly desirable.

For a number of reasons relationships with the sector are at a low ebb. For some parties this might be part of reaction to government policies. The response, however, was too widespread for us to believe that this is the major explanation. Rather, the explanation seems to rest more with actions and inactions of the Ministry. The Secretary for Education needs access to far deeper institutional knowledge to rebuild relationships across the education system.

Implementation of the approach has not yet overcome behaviours evident at the time of the initial PIF Review. This includes cursory consultation with stakeholders rather than full engagement and we had frequent examples where follow-through was lacking on commitments given to stakeholders. The stakeholders concerned saw this as corrosive to the relationship. It is imperative that the external relationship and communications plan is backed up with an internal communications strategy.

Another consideration is whether challenges to the sector have been framed in ways that fully anticipated likely reactions. For instance, other stakeholders, including critical friends, of the Ministry were quick to respond to the comments about not having 'a world class education system' as blaming teachers. This was not intended and acknowledging the Ministry's own share of accountability for these outcomes over the years could have made that clear. The issue of finding common ground while re-framing the issues seems an important objective for relationship management.

Strong mutually beneficial relationships have been developed with iwi over the years that give a basis for progress with the education priorities. While most iwi report overall satisfaction there were usually a few matters of non-responsiveness seen as irritants in the relationships. The new regional structure was seen as a positive way to build on these relationships.

Cross-sectoral contribution

Progress has been made in areas such as information sharing. There is a strong commitment to joint work with other social sector agencies and with other education sector agencies from LT. It is taking time for this view to be expressed as strongly at lower levels of the Ministry. We heard comments about tardy responses to commitments made at the senior level and of the need for other agencies to continually monitor progress within the Ministry and to follow up to ensure action occurs. Now that DSs are in place, they need to act vigorously to ensure timely follow-up delivery from their staff.

Risk management

Formal steps have been taken to increase the awareness of risks and to actively manage them. For instance, risk registers are maintained and regularly reviewed. Training is about to be provided on risk management. Nevertheless, there appears to be significant room for better management of significant implementation failures. This is discussed below.

An additional area for improvement is to ensure that information on adverse developments is passed to senior management promptly. This would avoid situations known to staff that come to the Secretary's attention only from an external source. This situation means that the Ministry loses an opportunity to be proactive about an event and is forced into a reactive mode.

Comment

Across all the areas of action discussed changes appear to have begun in a sensible direction. A common issue is that the changes have not yet been fully driven down into the Ministry so that they are understood and followed by all staff.

Critical Opportunities for Improvement

Overall, we think that the changes undertaken within the Ministry seem to be in the right direction, with further development to come. There are, however, some broad areas where action is needed to ensure that the change process does not become derailed. Suggested priority areas for attention are set out below.

1   Effectively manage key risks

The Ministry needs to avoid further issues that lead to protracted media cycles that damage the public perception of the competency of the Ministry and siphon the attention and energies of LT. Continued events on the scale of those occurring during the current year will seriously reduce the Ministry's ability to exercise leadership.

A risk management approach is in place and capability in managing risks is being built. What seems to be lacking are agreed criteria for escalating how to handle an adverse event that has occurred. It is important that the Ministry act more quickly in response to adverse developments. What is needed is an urgent, but measured, response that addresses and closes down the issue. Quick internal communications on adverse events enables a front-footed response. Some other government agencies do this very well and the Ministry could draw on their practical experience to develop a similar response capability. A Risk Management Framework and risk reporting process is in development; training of Ministry managers on risk management principles and key areas of focus is under way.

While it is critical to have the ability to respond quickly and effectively, it is much better not to have to use that capability. When implementing something new, it would be helpful to draw on all the relevant knowledge of past experiences across the Ministry. Working through alternative scenarios using a 'what if' approach might enable greater preparedness for unexpected responses. Having sound processes within core operations will reduce the likelihood of operational failures.

We consider that attention to issue management needs urgent attention both to stabilise the reputation of the Ministry and also to provide some scope for the Secretary and LT to strengthen change management internally and its leadership position and collaboration with the sector.

2   Develop a strong change process within the Ministry

The effectiveness of the different change processes under way within the Ministry would be increased if LT were to develop a well-articulated strategy for change that aligned the business strategy, and operating model with the desired behaviours. Doing this would help build cohesion within LT by forging a convergence among the different views about how best to advance the overall agreed direction.

Currently, the key elements of the operating model have been identified as: active steering of the education system, effective use of data and evidence, end-to-end planning and execution, support for quality teaching and effective leadership and active stakeholder and community engagement. We think that a broader conceptualisation would help shape understanding of how the different elements come together.

To actively steer the education system, the Ministry needs to be clear about what changes need to take place and what the effective mechanisms are to achieve those changes. There needs to be clear sense of who plays what roles. The initial PIF Review suggested that taking a systems view could be helpful in identifying relevant linkages and points of influence.

Recognising that education providers are central to the 'professional practice system' might assist in identifying key elements of the education system needed to support and deliver improved student achievement. This should inform the nature of the sector leadership provided by the Ministry and help ensure that the actions within it are aligned to effectively support change in the sector. This is obviously true for policy advice but is equally relevant for operational services, such as property, and when changes are undertaken in basic operations, such as payroll.

A starting point for the operating model within the Ministry might in part be the 'professional practice model', which asks what needs to be done to support the exercise of professional judgement, especially with regional operations where considerable discretion is often required. Applying this operating model for regional operations would have implications for other parts of the Ministry through support to those operations and also through drawing on regional experience and knowledge for the services elsewhere in the Ministry.

A clear sense of the changes needed in the sector, the effective mechanisms to generate those changes and the role to be played by each part of the Ministry should enable a change path for the Ministry and sector to be identified.

Another part of the strategy should be to build-in learning about how well processes work internally, as well as learning about the impacts of actions on student achievement. An aim should be to move quickly from the establishment phase to refine processes building on what works well and discarding others.

Consistent communication of a change strategy would enable staff to understand the expected transition path for the whole Ministry. This clarity would assist external stakeholders to appreciate the intended direction and priorities for the Ministry.

The overall management of change needs to receive consistent attention from LT. There is a case that the responsibility overseeing the changes needs to be very close to the Chief Executive and thought might be given to locating it within an augmented Office of the Chief Executive.

3   Strengthen the Ministry's leadership position and collaboration with the sector

Leadership within the sector largely depends on influencing people to get the desired changes in outcomes. The current state of the relationship is an impediment to effective leadership and requires attention. Several actions are needed.

There is a demand from a number of stakeholders for more exposure to the Chief Executive. The Chief Executive's focus has been redirected in recent months while dealing with Ministers and officials and in responding to media attention to implementation failures. More effective management of those risks should give scope for some increase in external engagement. Others in LT will also need to play a more prominent role in external engagement. This is happening to some degree already.

Trust and confidence within the sector can be built through early engagement in jointly finding solutions. We heard of examples, such as resolving the problems with relief teachers, where this approach has worked well. Adopting this approach more consistently would overcome complaints that contact too often is cursory and does not extend beyond listening to stakeholders' views.

Joint problem-solving, or 'co-creation', needs to be based on common ground. Messaging is critical. Tailoring messages to emphasise common ground will make it easier to work constructively with stakeholders working for better student achievement.

Stakeholders are likely to be more receptive to challenging messages from the Ministry when it is seen to be delivering competently on its core business and when there is a depth of relationships to draw upon. Success in key tasks or operations of the Ministry will increase its credibility as a leader of the sector. This also happens when relationships are maintained, such as through timely delivery on undertakings, or promptness in responding to stakeholders.

The Ministry is developing a more proactive and considered approach to stakeholders. This is a good start and needs to be built on in the way suggested above, with greater collaboration with stakeholders.

4   Provide more robust support to Ministers

Ministerial confidence in the Ministry would be enhanced by a more consistent standard of performance in supporting them making key decisions. The best performers in the Ministry are alert to the nature of the support required by the different Ministers and provide that support in a nimble and proactive fashion, while others have some distance to go.

The new senior appointment into the Minister's office should help ensure that the Ministry is clear about what services are indeed required. More responsiveness is also required from across the Ministry. Senior leaders ensure all staff meet the Ministers' expectations of nimble, competent action.

One way to increase Ministerial confidence might be for the Ministry to identify a few critical initiatives that would help lift student achievement and then to develop and implement those initiatives quickly and successfully. An example might be the implementation of a process of moderation for National Standards. This would be a vital step toward National Standard assessments becoming as robust as the NCEA assessments are now.

Ministerial confidence will also be increased if other stakeholders have confidence in the operations and implementation undertaken by the Ministry. This reinforces the importance of ensuring that the core operations are managed robustly, that implementation takes account of, and is prepared to deal with, a wide range of contingencies and that any issues are addressed and closed down quickly.

DESIRED FUTURE STATE – FOUR-YEAR EXCELLENCE HORIZON

Environment

The Ministry's challenge is to lead the wider sector to deliver improved performance. Improving every student's achievement is fundamental to this.

There are a number of areas that are critical to success and require significant improvement. Areas for focus include:

- delivery on current government priorities will require targeted, customised services to support education providers to lift the achievement of the lowest quintile of students

- strengthening the Ministry's sector leadership position and enlisting external support

- effective risk management

- stabilising core service delivery areas, such as Novopay and the Christchurch education renewal programme

- embedding changes to support the 'One Ministry' strategy – operating an end-to-end policy, implementation and delivery strategy

- a well articulated operating model for the Ministry that reflects the operating model of the education sector

- robust support to Ministers.

Business strategy

The Ministry has set out its high-level strategy to deliver the Government's current priorities. It needs to do considerable work to effectively lead the sector to deliver on that strategy. While new ways of working are being developed in the Ministry, they need to be understood better by those outside of the Ministry. There is also a need to make the Boards and Taskforces more streamlined and effective. All staff need a clear understanding of how their work fits into the wider Ministry's strategy and the contribution that will make to improving student achievement and system performance.

Operating model

The Ministry has specified some of the components of its operating model but it needs to articulate more clearly how the many interdependent functions of the Ministry fit together into a coherent approach. It may be useful to better understand the implications of the professional practice model that education providers work within and what this may imply for the optimal Ministry operating model, including:

- the influencing capability that is necessary to underpin the Ministry's sector leadership role

- carrying out the Ministry's regulatory role in a manner that is primarily built on facilitating aligned incentives and objectives rather than compliance activity

- the 'One Ministry' policy, where end-to-end policy to delivery is well integrated and implemented

- the Ministry's approach to supporting professional development and individual schools' Charter matters.

Change capability

The Ministry has started a number of initiatives to develop change capability in the Ministry, including:

• new governance arrangements, Boards and Taskforces, to facilitate new ways of working

• regional office reforms

• role modeling new behaviours and ways of working

• a new structure at leadership level and a refreshed Leadership Team.

There is an opportunity to accelerate change consistently across the Ministry's activity through the following initiatives:

• LT aligning the vision, strategy and operating model into a simple and well-articulated plan

• a culture change process being led from the top down through the organisation. Behaviours and values that will support the desired culture need to be specified and reinforced through the organisational strategies

• the second management tier needing to step up in their leadership roles to support the Secretary for Education to provide sector leadership and collaboration

• ensuring there is strong institutional knowledge informing the direction of the Ministry's strategy

• a strong commitment by LT and the wider Ministry to implementing its recently agreed communications strategy.

WHAT WOULD SUCCESS LOOK LIKE IN FOUR YEARS?

The Ministry would have successfully led development of a long-term vision and strategy for educational stewardship in New Zealand. This vision and strategy would encompass current government priorities with long-term goals and impacts in mind. It would be built on the common ground between the education sector, the business community and parents.

The Ministry would have garnered support from the Government, the community and the education sector for its vision and strategy.

The backdrop of strong sector and community engagement would have allowed the Ministry to make measurable progress on a number of pressing issues, while acknowledging full impacts would take place over the longer term. In particular, the Ministry would have supported progress in the following areas:

- a well functioning payroll system

- effective roll out of the Christchurch education renewal programme

- targeted, customised resources to schools to support lifting the achievement of the bottom quintile of students

- implementation of a highly regarded moderation process for National Standards

- collaboration across social sector agencies to increase participation in early childhood education and the proportion of students achieving NCEA Level 2 and NZQF Level 4 certificate qualifications.

The Ministry would be respected for its sector leadership and its contribution to lifting student achievement of all learners. Critical to its success will have been:

- a highly regarded leadership team that draws on institutional knowledge of the sector, education policy expertise, and change management capability that is able to garner a shared vision and strategy

- an operating model for the Ministry that reflects an understanding of how to work alongside the professional model that underpins education providers

- a partnering model with education providers, business and communities that reflects the need to lead through effective influencing

- a record of end-to-end policy design, implementation and delivery

- lifting performance, on average, in line with international improvements in achievement

- trusted and strong support services for Ministers.

Ultimately, the Ministry would know it made a difference to the long-term wellbeing of New Zealanders because it will have been successful in leading and partnering across the education sector to lift system performance and the achievement of all learners.

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