PERFORMANCE IMPROVEMENT FRAMEWORK

Formal Review of the Ministry of Education (MOE)

JUNE 2011

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

newzealand.govt.nz

AGENCY'S RESPONSE

The Ministry welcomes the Performance Improvement Framework (PIF) as a serious attempt to assist government agencies to improve their performance. The developmental nature of the approach and the opportunity for structured reflective practice has the potential to enhance agency capability. The Ministry found the framework helpful in guiding its internal review.

This first report for the Ministry of Education, developed using the PIF, complements the work the Ministry already has under way to both improve the performance of the education system and to improve the performance of the Ministry. The Ministry found the overall commentary in the report a thoughtful and helpful input to this.

The Ministry is well placed to continue to lead an education system that is highly regarded throughout the world. The system has many features that are recognised as world-leading. Across all education sectors, the Ministry has achieved a much stronger focus on student outcomes and on how those outcomes can be improved, and has successfully initiated many changes that are now achieving improved results.

The Ministry works within a system of semi-autonomous bodies and a professional workforce, where leading change involves the active management and influencing of a complex set of direct and indirect levers. On a wide range of international indicators the New Zealand education system is judged to be performing very well. This success is not an accident. It is the direct result of the Ministry's leadership of the system and work with all the other participants in the sector to institute change.

Despite the good overall performance of the education system, it continues to face significant challenges. Too many young people leave the education system with inadequate qualifications. Students of Māori and Pasifika descent, from low income families and those with special education needs are all disproportionally represented in this group. This remains the most important issue the Ministry must continue to address and where it will focus its effort. It must do this while also making ongoing improvements to the organisation's efficiency and effectiveness.

For the last four to five years, the Ministry has reflected an increased focus on lifting achievement in its *Statement of Intent* (SOI) and other documents. This focus has intensified over the last 18 months with the establishment of a dedicated change programme designed to:

• improve educational performance and lift student achievement
• reduce costs both within the Ministry and across the system.

The programme is examining the role and efficacy of the Ministry across the three key functional categories:

• *Raising Student Achievement* – this includes the interventions and expertise the Ministry deploys to improve institutional performance and individual student capability to function within the system.
• *Services to the Sector* – this includes Ministry activities such as providing core infrastructure services, capital asset performance, regulation and licensing of providers.
• *Organisation of the Ministry* – this focuses on the Ministry's organisational efficiency, including the network of regional offices and cross-functional organisational support activities.

Since the original sector reform in 1989, the Ministry has continued to change and evolve as it exercises its leadership role in the sector and responds to wishes of government. This change process is currently accelerated in response to the Government's requirement for a more effective public service, constrained budgets, and the Ministry's own analysis of what is needed to lift system performance. We are shaping the organisation to be more performance driven, more responsive and to deliver better services more efficiently.

In the context of this change programme, the PIF recommendations add helpful emphasis and focus, and many of the specific recommendations are already or will be incorporated.

In response to both the discussion in the report and the specific recommendations, the Ministry has identified the following as areas where improvement would be of benefit to our performance.

1. A future focused Ministry

The report suggests that the Ministry needs to articulate a clearer sense of direction both for itself and the education system. This future focus needs to be reflected more in the way we work across all our activities.

The Early Childhood Strategic Plan and the Tertiary Education Strategy provide direction for their respective sectors.

The New Zealand Qualifications Framework and New Zealand Curriculum/Te Marautanga provide a clear and compelling description of what we seek from our school system. Each school then has the responsibility to translate that vision into its teaching and learning programme.

The Ministry's *Statement of Intent* provides a shorter-term focus on aspects of the performance of the system that we seek to improve.

There is scope to improve the articulation of how these documents shape the direction and performance of the system, and to make the link clearer between what people do and what is achieved. The Ministry will continue to improve its key accountability documents to articulate this better.

As part of its change programme, the Ministry is developing a model of its future state. This will include an overview picture of the state and context of the education system in the future (20-25 years hence) and the complementary role and approach the Ministry will need to take to lead and direct such a vision.

We are also actively working across several government agencies on improved service delivery, development of shared outcomes and shared services. In both Auckland and Christchurch we are developing a long-term view of the provision of education for these regions, and how education will contribute to the social and economic welfare of these communities. This work will become a practical demonstration of our current work on a medium-term strategy for schooling.

Within the Ministry, we are reviewing our policy functions with the intent of lifting capability to provide clearer and better articulated policy choices. With the rearrangement of the tertiary responsibilities we are now building our tertiary capability to meet the challenges these new arrangements require. We have reorganised our Crown entity monitoring team so that it provides support to the Secretary for Education and the education Crown entities to develop and articulate a shared vision and sense of purpose for the education sector.

The impact of this work will be reflected in:

- Ministry policy and accountability documents having a more coherent long-term focus
- our contribution to planning in Christchurch and Auckland will be about future provision of education rather than just about buildings
- and our stakeholders being more confident with their investment decisions knowing the long term direction of the system.

2. The Ministry's accountability for system performance

Over recent years, the Ministry has made deliberate efforts to move from its predominately administrative role within the sector to one of responsibility for improved system performance.

As we grow our understanding of what makes a difference in improving education results, we will adapt and change how we exercise our leadership in the sector.

An example of this is the student achievement function we are introducing to work directly with school boards of trustees on improving performance. This function uses educational expertise to drive student achievement, underpinned by school accountability. This intervention is supported by a refocused teacher professional development programme. Further work in this area will explore how we increase co-operation and learning across schools and what we need to do to facilitate this.

The recent OECD review of assessment and evaluation provides helpful advice on how to strengthen a system that is fundamentally sound and coherent. This report provides well developed advice on how to strengthen some of the weaker parts of the system. It proposes that with a highly devolved system, we need to strengthen consistency across components of the system, increase the connectedness across schools, and continue to build school capacity and leadership. The Ministry will be implementing the key recommendations from this report.

In the tertiary sector, this performance focus is reflected by our shifting to emphasis on completion rates, improved student outcomes, and stronger emphasis on the tertiary sector's contribution to economic development.

This performance focus also means that the major services we provide to support the system need to be delivered as efficiently as possible. The Ministry has an ongoing development programme across key infrastructure components of payroll, asset management and information and communications technology (ICT). This is a significant work programme as these are important contributors to the support of the sector and are being shaped to deliver better services more efficiently. Work is also under way on understanding the cost drivers in the Vote to develop a sustainable approach to Vote management.

The impact of this activity will be seen in continued improvements in system performance, the development of active interventions to address aspects of under-performance, more transparent cost management across the sector, and improved and more efficient delivery of services and better management of the Vote.

3. The Ministry as an agile organisation

There is comment across various parts of the report that the Ministry is inconsistent in its ability to respond, solve problems or to act purposefully.

This issue is being addressed through the change programme currently under way. This work on the organisation's future includes the design and re-alignment of the Ministry's internal structure, business processes and capability.

The Ministry is systematically reviewing the structure and approach of core business functions to ensure they are fit-for-purpose, flexible, high quality and efficient. This work will address issues such as clarity of roles and our capability in critical areas of work. It is premised on a stronger and more capable regional presence focused on doing the things necessary to lift educational achievement.

The impact of this work will be seen in a Ministry that is better organised to carry out its mission, is operating more cost-effectively and is more responsive to the issues of its stakeholders.

4. The Ministry engaged with its stakeholders

While the Ministry has active engagement with a diverse range of stakeholders, most of this activity is focused on particular areas of business.

There is room to improve our engagement with, and strategic management of stakeholders, both in terms of developing a shared vision and direction and to more systematically make effective use of stakeholder expertise and viewpoints.

The Ministry has now developed a stakeholder management plan that has individual Leadership Team members leading engagement with specific clusters of priority stakeholders, outside of 'business as usual' contact. This engagement will include dialogue on the Ministry's strategy and long-term vision for the education sector, and soliciting stakeholders' views as a way of 'reality checking' policy settings and operational implementation. Intelligence from stakeholders will be captured and shared across management groups as a way of broadening the Ministry's awareness of outside views.

This work will see a clearer stakeholder perspective reflected in Ministry activities, and stakeholders better informed about Ministry direction and priorities.

Ministry of Education

28 March 2011

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LEAD REVIEWERS' SUMMARY

Context

Education plays a major role in both economic and social outcomes. Increases in skills and innovation are central to an ongoing lift in productivity; the basis for rising living standards. The extent to which this lift in skills affects all, will determine how far the benefits of economic change are spread across society. It will be vital for the challenges that we now face for the Ministry to continue the significant contribution to the performance of the education system that it has made for many years. The focus of this review is on the future contribution of the Ministry of Education to the performance of the education system as a whole.

Changes have been under way for some years in the Ministry, prior to this review. The Leadership Team had already undertaken a comprehensive process of reflecting on their strengths and capabilities, determining a new course of action, and getting on with it. We could draw on and see the results of this work. In particular, we saw a much stronger approach to managing major risk in information technology (IT), property and payroll, a more direct involvement in overseeing school performance, an effective articulation of Māori and tertiary strategies, and a bold implementation of National Standards.

Total change in the early childhood, schools and tertiary education sectors has been substantial since the major initiative: 'Tomorrows Schools' in 1989. As is typical, change has been triggered by a mix of political initiatives, research-designed programmes, and periodic reviews of standards, regulated processes and roles. However, devolved school governance and the relative independence of other agencies in the education sector has not fundamentally changed since 1989. Although the Ministry has available some direct levers, such as funding and regulation, it often has to rely on quite indirect means for exercising leadership.

The results of New Zealand education for most students compare well against those for other OECD countries, although New Zealand stands out as having a longer tail of low achievement. Those from low income households, including from Māori and Pasifika households, remain disproportionately represented in this group.

The leadership team (LT) of the Ministry of Education has a complex job. In addition to leading the sector, and its individual parts, the Ministry is a massive operational delivery agency. For example, the Ministry is responsible for the largest payroll system, and the second largest property portfolio, in New Zealand. By any standard, the size, scope and range of interactions of the education sector are significant. Operations of this magnitude inherently create a tension that the Ministry's leadership team will always need to manage in order to also carry out its wider sector leadership role and its strategic leadership of the Ministry itself.

Over the next two decades the education system will experience resource pressures, along with the rest of the public sector, in the face of heightened expectations of a continuing increase in educational achievement and a reduction in disparities. For the education sector to respond to these challenges, we judge that the Ministry is going to need to think differently about how it can influence the performance of the sector.

Heightened leadership focus

We see a heightened focus on the scope and breadth of the top-level collective leadership being important to enable the Ministry to have more influence. This would lead to the leadership team concentrating more on the things that only it can do. In turn, that means finding other ways of dealing with some of the issues now handled at this level. We support the intention of the leadership team to achieve this shift and see the following as being important:

- embedding throughout the Ministry full acceptance of its responsibility for overall achievement of education sector outcomes. This will require a compelling vision and concerted actions. Achieving this result would help ensure a systems view of education and the imperative of identifying and remedying blocks to progress regardless of where they lay

- set and communicate direction, manage obligations and expectations, and keep ahead of events as they unfold. This is a critical role of any leadership team. The Ministry could be more explicit in setting and communicating direction and providing the sector with a clearer understanding of the pathway to achieve the desired result. Earlier and clearer advice would help the sector take decisions consistent with the overall direction

- making explicit the things that can only be done by the leadership team. It needs to be clear on which of its many areas of responsibility it must directly manage in the longer term and those it can delegate

- for issues that are delegated, ensure there is clear allocation of responsibility, the authority and flexibility to act, and appropriate follow up based on results. The Ministry also needs to continue to bring its key infrastructure operations up to standard. It is aware of the risks it faces with infrastructure, such as the payroll system and property, and has plans and steps in place to address these. We strongly support initiatives to do this, as serious problems in such large operations inevitably divert the leadership team from its strategic business

- adopt a comprehensive change management approach for those matters wherethe Ministry needs to be the key driver. For example, implementation of National Standards or Ka Hikitia. All major interventions in the sector should be assessed in terms of sufficiency, ie, are we doing enough to make the change we are seeking and will we know our progress early enough to shift gear if necessary. Plans need to:
  - identify all the levers the Ministry has to influence what Boards, principals, teachers and parents do
  - define how and when these levers should be used
  - set early indicators of progress
  - recalibrate if sufficient progress is not being made.

Direction and shape

By 'direction and shape' we mean the way the Ministry provides direction for the education sector and the best shape of the Ministry to provide that leadership.

The Ministry is the organisation with the responsibility of providing direction for the whole education system. In carrying out this role, the Ministry would be strengthened by active support from central agencies. (This might be a more general issue for central agencies with a sector leadership role to consider .) The Ministry's leadership responsibility ranges from how success is defined, managing the transitions across the early childhood, primary, secondary and tertiary sectors, defining standards of achievement, anticipating potential demand and supply tensions in the sector, to establishing consistency in the policy goals that the key sector agencies work to. The outcomes that have been

specified for the education sector in respect of students are admirably clear. The challenge is to identify how best to achieve these results. Particular issues we see as important are to:

- articulate, as the agency at the centre of this complex system, a clear sense of the things that the education system could do to meet the aspirations of New Zealanders and how this might be achieved. Along with the clear objective of raising student achievement, there is a need to align what is done across the diverse components of the tertiary sector with prospective needs of the labour market

- consider where authority for action should occur –centrally, regionally or locally. It seems clear that some shifts will be necessary. The Ministry is focusing more directly on student achievement and directly working with schools to lift performance, which is one stimulus for rethinking responsibilities

- enable a review of how well the current system is operating. We have not identified a strong appetite for wholesale change in the shape of the education sector, or how it is governed or led. There is, however, an appetite to review how well the current system is working. This is a discussion that may not be best led by the Ministry but a process for a discussion could be facilitated by the Ministry, perhaps using models, such as the tax working group, used elsewhere

- realign its internal structure to better fit future demands. Particular areas for consideration include:

  - policy advice. We are aware that the Ministry is reviewing where policy advice sits in the organisation and considering how best to achieve critical mass and lift overall quality

  - how best to respond to the new expectation of the Government for the Ministry to provide advice (and hence leadership) on strategic tertiary issues

  - whether the scope of the current schooling group is sustainable indefinitely given the large number of issues it manages that are critical to the Ministry's effectiveness and reputation.

'taking people with you'

We see "taking people with you" as referring to reinforcing and realigning the culture and practices to better support the Ministry's leadership role. Ministry staff have a strong commitment to helping achieve a better education system, and place weight on evidence (as in the research programme). More use could be made of this evidence for policy development and to gain traction within the sector. There is also less weight on sharing learning in relation to Ministry practice. There is a consultative expectation in the wider education sector. This aligns with the collegial approach within the Ministry resulting in a high weight on consensus and leading to processes that are at times very slow to reach conclusion. Risk aversion adds to the likelihood that urgency is lost and can lead to a perception of inertia and lack of responsiveness.

Better alignment of culture and practices would mean:

- a set of values throughout the Ministry that was aligned to delivering on the clear results that have already been identified. A 'can do' approach is valued in some parts of the Ministry now but not universally

- staff within the Ministry feeling personal ownership for the results of the Ministry and being empowered to act as necessary to achieve these results or ensure that issues are recognised and dealt with by those with the capacity to do so

- the allocation of resources and the processes used by managers being aligned to reinforce the value of generating and maintaining momentum in the educational outcomes. High performance should be positively reinforced; it is critical that performance feedback does not tolerate inadequate performance

- placing a strong emphasis on recognising risk from a system-wide perspective, and explicitly addressing the downstream costs of continued uncertainty for those outside the Ministry, in order to reduce the potential losses for students of delayed decision-making. The Ministry is often seen as being slow to make decisions. Making timely decisions will usually involve less information than preferred and require an informed reduction of risk aversion

- a culture of stakeholder management that ensures issues are not left hanging without resolution

- an openness to external input, including tapping into this while maintaining momentum. This is particularly relevant to the processes of getting sectoral input

- consistent use of an explicit approach to managing relationships to ensure effective engagement with those stakeholders who are key to progress on the most significant issues

- a greater ability to anticipate trends and potential new directions. In addition to internal prioritisation and management, this is likely to benefit from practices that welcome expertise from the wider professional and academic community

- active learning within the Ministry about successful practices in different managerial units. This should aim for widespread adoption of localised innovations of high value to the organisation as a whole.

'better value'

We have seen 'better value' as referring to the changes needed to ensure the efforts of the Ministry in lifting the performance of the education sector are directed where they can have most effect, and that all the Ministry's own actions are as efficient as possible. Achieving this will be one way of responding to the fiscal pressures in New Zealand for the foreseeable future. The Effectiveness Programme under way in the Ministry has begun a series of changes focused on achieving greater effectiveness and efficiency.

The following comments take that Effectiveness Programme as given and highlight areas where a different emphasis might be valuable or where we see a particular priority for the Programme. These changes include:

- more explicit identification of what will motivate change in the education sector and how the Ministry can use that information to achieve change, such as the sources of professional leadership in the sector

- better information on the relative cost-effectiveness of programmes, practices and structural solutions in education. Relating expenditure information to the programme effectiveness might enable cost-effectiveness to more significantly influence many teaching practices in schools. Information for students on employment and incomes after tertiary training is another example, as is the work planned on monitoring the outcomes obtained from early childhood education (ECE)

- ensuring that the set of actions planned to implement each strategy is both necessary and sufficient to get the result desired. Clarity about the relative importance of different actions would enable tradeoffs to be made as implementation proceeds

- adopting a goal of increasing total system cost effectiveness as a primary guide to thinking about guidance provided for boards of trustees on regulations or about decisions on the location of facilitative services.

- fixing problems to put operational areas such as property and payroll onto a sound footing. Once that is done find ways all these services can be operated that draws on best industry expertise, while retaining expert oversight within the Ministry

- delivering high quality policy advice. This is critical if the education sector is to continue to improve over time. The Ministry has identified this as an important issue. Current steps have helped lift performance somewhat but a step-change is necessary. The Ministry should expect its advice to be of high rather than just acceptable quality. Structural changes under consideration may help but more urgency is needed using all the management tools available

- give more weight to benchmarking of the efficiency of provision of all major services (taking account of the extent to which quality is fit for purpose as well as looking only at costs)

- ensuring that the prime focus of professional leadership should be on increasing student achievement and the effectiveness of the education system. There needs to be a clearer grounding in processes that emphasise the evidence from research, human resource management, and continuous improvement (including practical experience) that is incompatible with professional leadership being placed as an industrial relations issue.

Generally, in line with practice elsewhere in the public sector, we saw no evidence there was a systematic approach to generate and demonstrate efficiency. This is a common finding throughout all the core business and it is discussed more fully in the section of the report dealing with efficiency. It should be noted that market and quasi market solutions provide inbuilt means of testing efficiency through direct comparison of the prices of outputs. Where these markets are not possible, as is often the case with departmental outputs, more administrative mechanisms need to be used for judgements of efficiency.

Peter Bushnell
Lead Reviewer

Len Cook
Lead Reviewer

Iona Holsted
Independent Tier Two Manager

CENTRAL AGENCIES' OVERVIEW

What is the Performance Improvement Framework and what are we trying to achieve?

The Performance Improvement Framework is a framework applied by a small group of respected organisational leaders to provide insights into agency performance, identifying where agencies are strong or performing well and where they are weak or need to improve. The framework covers both results (in terms of effectiveness and efficiency) and the organisational management factors that underpin sustainable superior performance.

Because a common framework is used, the reviews not only inform agency performance improvement plans, but also help us build a body of knowledge that provides us with a better picture of cross-system performance and identifies issues which we need to address at sector or system level.

The Performance Improvement Framework is an initiative developed by central agency and State services chief executives to respond to the need for improved effectiveness and efficiency in the State services. It is also important to acknowledge that the New Zealand State services operates from a position of strength and continues to be recognised internationally as among the top performers. However, we recognise that we must meet the ever-increasing and reasonable expectations of Ministers and the public generally, especially in these times of economic and fiscal stress.

What are we learning?

We now have 12 reviews completed.

In general, the reviews confirm that we have a 'can do' service, which is strong on delivering the results government wants now. We have a service that values probity and the systems and processes that support transparency and ensure accountability for the expenditure of taxpayers' funds. We have a service that recognises that its people, and their combined knowledge, experience and commitment, are our greatest assets. We are relatively good at putting in place the systems and processes (in particular human resources (HR) and financial management systems) that should support them to make their best contribution.

At the other end of the spectrum, we are not as good as we should be at working across internal and external silos, progressing the medium- to long-term work programmes that will position us to meet the future needs of governments and taxpayers and reviewing the ongoing need for, or methods of delivery of, the services we currently provide.

We need to be better at measuring the results of what we do and comparing them to the results government was seeking to achieve. We need to bring together the information we have to make better decisions about what we do and how we do it. For example, we need to use our financial management systems to understand and manage the costs of the services we provide, rather than simply to develop and monitor budgets.

Next steps?

We have 12 agencies at various stages of implementation of their responses to their reviews. We will work with them to support and monitor their implementation of those responses and to evaluate whether their actions are having the improvement results anticipated.

As indicated above, we are looking across the Performance Improvement Framework review results to identify both the agencies that others can learn from and the areas of systemic weakness that we need to tackle as a service rather than on an agency by agency basis. Key to these will be our ability to monitor long-term effectiveness (are we actually achieving the outcomes as opposed to merely delivering the outputs?) and our ability to review the effectiveness and efficiency of what we do (are we providing services the best way we can or indeed can the services be better provided by someone else?).

Iain Rennie
State Services Commissioner

John Whitehead[1]
Secretary to the Treasury

Maarten Wevers
Chief Executive
Department of the
Prime Minister and Cabinet

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1. Secretary to the Treasury at the time of the Review

SUMMARY OF RATINGS

Results

GOVERNMENT PRIORITIES	RATING
Curriculum and National Standards	Well placed
Youth Guarantee and the Transition between Secondary and Tertiary	Needing development
Early Childhood Education	Well placed
Delivering the Tertiary Education Strategy	Needing development
Māori enjoying education success as Māori	Needing development
GOVERNMENT PRIORITIES	**RATING**
Regulatory Impact	Well placed

CORE BUSINESS	RATING (EFFECTIVENESS)	RATING (EFFICIENCY)
Strategic Leadership in the Education Sector	Needing development	Needing development
Strategic Leadership of the Tertiary System	Needing development	Needing development
Strategic Leadership of Schools	Needing development	Needing development
Strategic Leadership of Early Childhood Education (ECE)	Well placed	Well placed
Provision of Services/ Interventions to Schools	Needing development	Needing development
Provision of Special Education Services	Well placed	Well placed
Provision of Infrastructure for Schools	Needing development	Needing development
Provision of Services to Communities and Families	Not rated	Not rated
International Education	Well placed	Needing development
Crown Entity Monitoring	Needing development	Needing development

Rating System

Strong	Well placed	Needing development	Weak	? Unable to Rate

Organisational Management

LEADERSHIP, DIRECTION AND DELIVERY	RATING
Vision, Strategy & Purpose	Needing development
Leadership & Governance	Needing development
Culture & Values	Needing development
Structure, Roles and Responsibilities	Needing development
Review	Well placed

EXTERNAL RELATIONSHIPS	RATING
Engagement with the Minister(s)	Well placed
Sector Contribution	Needing development
Collaboration & Partnerships with Stakeholders	Needing development
Experiences of the Public	Strong

PEOPLE DEVELOPMENT	RATING
Leadership & Workforce Development	Needing development
Management of People Performance	Needing development
Engagement with Staff	Needing development

FINANCIAL AND RESOURCE MANAGEMENT	RATING
Asset Management	Needing development
Information Management	Well placed
Efficiency	Needing development
Financial Management	Well placed
Risk Management	Needing development

Rating System

Strong		Well placed		Needing development		Weak	?	Unable to Rate

AGENCY CONTEXT

The Ministry of Education is the lead advisor to the Government on the education system and describes its two key roles as:

- driving overall system performance – monitoring and improving how the ECE, schooling and tertiary sectors deliver education to learners throughout New Zealand
- delivering our services effectively – managing our infrastructure, delivering our core functions on a day-to-day basis and improving Ministry effectiveness and efficiency.

The focus of the Ministry is on leadership and governance, strategic policy and monitoring and evaluation. It provides special education services, in 2008 directly serving more than 30,000 students and funding schools to support another 40-60,000 with more moderate needs. Otherwise it manages non-departmental appropriations, including teachers' salaries, purchasing and monitoring services, and gives ownership advice on education Crown entities. Major teacher collective employment agreements expired in 2010.

The Ministry is simultaneously providing services, funding providers indirectly through the Tertiary Education Commission, funding other providers directly (eg, schools) and undertaking policy advice and monitoring functions. The system of self-managing schools allows direct links to the Ministry and gives high autonomy and flexibility but complicates the sharing of best practice and improving performance. It uses a range of key strategic documents to guide its priorities, indicators and measures, including:

- Te Whāriki: He Whāriki Mātauranga mō ngā Mokopuna o Aotearoa, the curriculum framework for early childhood education
- the New Zealand Curriculum for English-medium teaching and learning in Years 1 to 13;
- Te Marautanga o Aotearoa Curriculum for Māori-medium teaching, learning and assessment
- the Tertiary Education Strategy 2010-2015
- Ka Hikitia – Managing for Success: The Māori Education Strategy 2008-2012
- the Pasifika Education Plan 2009-2012
- the Special Education Business Plan 2009-2010: All children enjoy high quality education that enables them to participate and contribute socially and economically
- International Education Agenda: A Strategy for 2007-2012.

The new curriculum for schools was launched in 2007; Ka Hikitia and Te Marautanga o Aotearoa in 2008 and National Standards from 2010.

The Minister of Education, Hon. Anne Tolley, is the Responsible Minister. The Minister for Tertiary Education is the Hon. Steven Joyce. There are two Associate Ministers from support parties: Hon. Rodney Hide (ACT) and Hon. Dr Pita Sharples (MP).

The Ministry employs 2,500 full-time equivalents (FTE), up from 556 in 2000. The integration of Special Education Services and the Early Childhood Development Unit accounts for 1,400 of this growth in FTE. There are 900 FTE in National Office and 1,600 in 51 district and regional offices. Vote Education is $11,969 million. At 30 June 2009 the state (non-integrated) school property portfolio had a replacement value of $14,500 million with over 17,000 buildings on Ministry-owned land of over 17,000 hectares. Capital expenditure for the next four years is $2,165 million.

The Ministry is responsible for supporting and monitoring the following education Crown entities (NZTC is an Autonomous Crown Entity, the others are Crown Agents):

• Career Services – Rapuara
• New Zealand Qualifications Authority (NZQA) – Mana Tohu Mātauranga o Aotearoa
• New Zealand Teachers Council (NZTC) – Te Pouherenga Kaiako o Aotearoa
• the Tertiary Education Commission (TEC) – Te Amorangi Mātauranga Matua.

There is a separate Education Review Office (ERO) – Te Tari Arotake Mātauranga. ERO reviews schools and early childhood education services and publishes national reports on current education practice. The education sector also includes (in round terms):

• 5,000 early childhood education (ECE) providers with 17,000 teaching staff and 200,000 children
• 450 secondary and other schools and 2,000 primary schools with 50,000 teachers and 750,000 students
• 8 universities, 20 institutes of technology and polytechnics, 8 Government Training Establishments, 3 Wānanga and approximately 700 private providers, with 470,000 tertiary students and 200,000 in industry training.

In 2008 there were 88,557 (down from a peak of 126,919 in 2002) international students choosing to study in New Zealand with 39,700 studying at level 4 or above (levels 1-4 are certificates, 5-6 diplomas, 7 bachelors degrees, 8 honours or postgraduate diplomas, 9 masters, 10 doctorates).

New Zealand's education system supports students who are among the best in the world, with average achievement at or above standards for core areas among Organisation for Economic Co-operation and Development (OECD) countries but a significant and persistent gap exists between high- and low-performing students. Low achievement levels among Māori, Pasifika and students from low socio-economic areas, and those with special education needs are of concern. More of New Zealand's 14-18-year-olds have disengaged from the education system than in many other comparable countries, including a disproportionate number of Māori youth.

Process

A team was established in July 2010 for the initial review period, consisting of representatives from the State Services Commission (SSC) and Treasury. Kevin Guerin (seconded from the Treasury to the SSC) managed the process. The lead reviewers for the intensive review period in August 2010 were Len Cook and Peter Bushnell (independent consultants), assisted by Iona Holsted (Ministry of Social Development) who provided input as an independent second tier manager.

RESULTS SECTION

Part One: Delivery of Government Priorities

This section reviews the agency's current ability to deliver on the priorities agreed with the government. It is based on the completeness of the agency's plans, the stage at which the priority is at, and the capability and capacity of the Ministry of Education to deliver on the priority. The report is also informed by consideration of identified risks.

Curriculum and National Standards	
PERFORMANCE RATING	Performance Rating: **Well placed**
	The curriculum work is regarded as a highly significant, long-term asset of the education system, and a significant achievement of the Ministry, involving a wide-ranging consensus. It underpins the commonality of standards of achievement obtained across the education system. The Ministry has been able to give effective technical support to meeting the government's commitment to introduce National Standards, drawing on a substantial amount of earlier work and experience in the assessment of student achievement in this and earlier curricula. This is a major change process, with some implementation resistance still to be managed. In addition, some further significant steps, such as moderation of results, need to be designed, tested and rolled out. National Standards will inevitably change over time, which will require management. The success of National Standards relies on principals and teachers providing high quality information to parents and the Ministry so that the results feed back into improved student achievement. The challenges for the Ministry are to ensure there is a coherent set of actions to achieve this and to ensure confidence in the professional integrity of the Standards.

Youth Guarantee and the Transition between Secondary and Tertiary	
PERFORMANCE RATING 	Performance Rating: **Needing development** The youth guarantee work involves policy to establish new ways of linking the secondary and tertiary sectors. Solid progress has been made to date in implementing Government programmes on trades and service academies and in developing system-wide approaches to problems students have with transition from school to post-school training. Ministers have agreed to a comprehensive workplan to align qualifications, funding accountability and support services. Some urgency will be needed if the Ministry is to meet the timing desired by Ministers for the completed design, together with costings. Design and successful implementation of the workplan will require a strong alignment within the Ministry and, even more importantly, across a highly devolved system. That will require skilled and strategic management of relationships. It is not clear that the Ministry has the capability yet to successfully deliver on this priority and recent initiatives to rectify this, as well as the bringing together of Tertiary policy within the Ministry of Education, provide a supportive context for this. Consequently, because of these developments, assessing how well placed the Ministry is has involved some countervailing considerations for us. On the one hand, the Ministry did make substantial progress after a slow start owing to the need to deal with the tensions between the different funding bases for schools and tertiary providers and the need to get alignment among Ministers. On the other hand, it will be very challenging for the Ministry to bridge across the sectoral silos that exist in the education system and will call for the use of skills in areas where the Ministry has not been strong in the past. Our judgement assumes that the staging of the youth guarantee will recognise the diverse range of partners. Although there is a risk that this may be difficult to plan for, the staging will be dependent on how well and how quickly the Ministry is able to effectively leverage across the whole system, and the speed with which strategic relationship management skills within the Ministry are developed. We have rated this area as 'needing development', because of this qualification.

Early Childhood Education

PERFORMANCE RATING	Performance Rating: **Well placed**
	The Ministry received $90 million in the last Budget to increase participation in ECE of Māori and Pasifika children and those from low socio-economic families.

There are three major strands of work to be achieved. First, ECE services need to be available in the 'target communities', second, parents need to be persuaded not just to enrol their children but to maintain and support their participation and, third, the Ministry needs to measure the effectiveness of the intervention. The Ministry has taken a strategic approach to this work; identifying those matters it has the capacity to attend to in the short term, while maintaining a clear line of sight to achieve longer-term objectives.

To maintain the required momentum, the Ministry will need to take some decisions based on less than full evidence and use real time evaluation to adjust practice as information comes to hand.

The Ministry will soon need to develop the next strategy. Given current performance, it seems well-placed to do so. |

Delivering the Tertiary Education Strategy

PERFORMANCE RATING	Performance Rating: **Needing development**
	The Ministry has led the development of the Tertiary Education Strategy, which provides a clear exposition of the priorities to achieve Government's goal of relevant and efficient tertiary provision that meets student and labour market needs. Planned actions, together with target and monitoring are set out in the 2010 Ministry of Education Business Plan.

The Ministry is at the beginning of ensuring the delivery of the strategy. Alongside the diverse nature of the tertiary sector, policy implementation has been challenging for more than a decade, regardless of the lead institution. Success will depend on the extent to which the education Crown Entities and the various providers will be influenced by the actions taken by the Ministry. For some time the Ministry was not encouraged to provide overall leadership in the tertiary sector, with some Ministers preferring the TEC in this role.

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The Minister has clarified recently that the Ministry has responsibility for strategic policy advice. This should reduce confusion within the sector over the respective roles of the Ministry and TEC and give the Ministry an opportunity to provide leadership with the sector and a stronger presence with providers. A challenge will be to maintain both the urgency and quality of advice on all the necessary policy changes to implement the strategy. This will require the Ministry to be more active in advising on parts of the tertiary sector that have been relatively ignored. In particular, the Minister will require advice on the strategic significance of issues in relation to Crown Entities, proactively and with those that are not purely operational. Linking activity of tertiary education providers to labour market requirements will require deeper relationships with other departments and with business.

The Ministry's success in using its influencing skills with stakeholders will be needed in addition to any changes in formal levers. In this regard it can build on the relationships of senior leadership with that of the other Crown Entities to develop a more visible presence in the sector. A challenge will be to widen stakeholder relationships with providers to ensure that the Ministry is sufficiently well informed about the sector.

In assessing the readiness of the Ministry to formulate and implement detailed strategy we were mindful that achieving change in the future will be more challenging than it has been in recent years. Consequently we saw a need for increased resources, a greater use of networks and detailed knowledge of the sector to deal with the complexity of the issues being faced. We recognised the strong performance of the Ministry in developing the Tertiary Education Strategy and gaining the confidence of the Minister in the quality of advice provided. Nevertheless we considered that the nature of change that will be required warrants a 'needing development' rating.

Māori enjoying education success as Māori	
PERFORMANCE RATING	Performance Rating: **Needing development**
	Relative Māori underachievement has been well documented for several decades. What works for Māori achievement has been well defined by the Ministry in its research programme. Ka Hikitia, the strategy intended to raise Māori student achievement enjoys widespread support. The Strategy was released in 2008 with a review point in 2012. It has taken some time for the whole Ministry to get traction around the Strategy. New governance and monitoring arrangements for Ka Hikitia have recently been introduced. These assign clear accountability to Deputy Chief Executives for achievement of the milestones. The milestones have also been prioritised. It is, however, too soon to say that the Strategy is being sufficiently embedded to make a difference to Māori enjoying education success as Māori, yet this is recognised by the Ministry as one of its most significant concerns.

There are undoubtedly a number of complex social causes that underlie low educational achievement, and for which the Ministry should contribute to cross-government processes to remedy. At the same time, however, much progress can be achieved by actions within education alone, some of which are under way. If the Ministry were to adopt the same attention, drive and focus on Ka Hikitia as it did on National Standards, there would be a step-change in progress. |

RESULTS SECTION

Part Two: Delivery of Core Business

This section reviews the agency's effectiveness and efficiency in delivering its core business. The report is based on a judgement about the current performance of the agency and the trend that they have demonstrated over the last three to four years.

Strategic Leadership in the Education Sector
Includes providing policy advice and services focused on the Ministry's leadership with education sector agencies, of the education sector and the system.

PERFORMANCE RATING **Effectiveness** **Efficiency** 	Performance Rating (Effectiveness): **Needing development** Performance Rating (Efficiency): **Needing development**
	The core business of the Ministry includes responsibility for the leadership of each of the three education sectors: early childhood; schooling; and tertiary. Each sector is discussed below. The education sector is one of considerable political importance and governments inevitably provide strong leadership in education policy. The Ministry needs to carry out its strategic leadership within this context, ensuring that its contributions to policy making reflect more than a strategic responsiveness to political imperatives. The leadership described in this section is about the overall education system. It has to do with the way the three sectors work together to deliver on the Government's desired outcome for all New Zealanders: to be equipped with the knowledge, skills and values to be successful citizens in the 21st century. This involves oversight of the contribution that education makes to the wider economy. It looks across the three education sectors, to identify future challenges and opportunities common to all and to assess the relative priority of actions within each. A particular focus should be on the transitions of students in and out of the three sectors and the workforce. Thinking about the system as a whole leads to queries about the extent to which overall results are aided by responses to information feedbacks between the labour market and among various stages of the education process. Finally, part of the strategic contribution covered in this section relates to the clarification of aspirations for the level of knowledge, skills and values to be achieved within the education system overall. contd...

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Our judgement is that the Ministry as a whole does not have a coherent view about the future directions and options for education overall that has been clearly articulated and well socialised within the Ministry so that staff in diverse areas can see beyond their own sectoral roles. Education tends to be seen more in terms of the three sectors (tertiary, schooling and early childhood) than as a system extending from before formal schooling to employment and adult life. This means a lesser likelihood that barriers to achieving final outcomes will be recognised, such as a lack of alignment between sectors.

The Ministry has responded well to the Government's agenda. It acknowledges that it has been more reactive than proactive in helping to inform and establish that agenda for the system as a whole. The current agenda is dealing with key vulnerabilities in the education system, including entry into ECE, the long tail of low achievement and the quality of tertiary level skills and qualifications. The challenge for the Ministry is to continue to respond to immediate demands, while anticipating future priorities to increase overall student achievement.

The Ministry provides a valuable insight into levels of achievement across the system through benchmarking and review activity, both domestic and internationally. This data and analysis has enabled a clear focus on the areas where the results from the New Zealand education system differ from comparable jurisdictions.

The different education sectors are organised quite differently, which means that the nature of leadership by the Ministry needs to differ. The effectiveness of that leadership has differed, being strongest in schooling and early childhood and quite weak in the tertiary area (not surprisingly as tertiary leadership responsibilities had only recently been restored to the Ministry).

With the prospect of a generation, or more, of constrained resources education faces some significant challenges and new possibilities from rapid shifts in technology, continuing globalisation and ongoing demographic shifts. Ministers have made clear they expect the Ministry to provide leadership to the entire system and have clarified the primary responsibility of the Ministry in relation to strategic advice on the tertiary education sector. The challenge is for the Ministry to seize this opportunity and to maintain urgency in meeting it.

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	The Ministry has some great assets to draw on to assist with this leadership. In the schooling area, for example, through the research programme, the Ministry is achieving widespread acceptance of the importance of good teaching and school leadership, with guidance on what is known to be effective. This synthesis could be combined with information on resourcing to give a guide on cost-effectiveness of different approaches. Knowing this, along with the most effective change strategies, would enable more informed choices during the implementation phase, over the relative importance of different actions.
	In a complex system like education, the hard levers and incentives can be a powerful means of getting change but a full range of influencing actions and stakeholder management is also likely to be needed. As part of this leadership the Ministry would benefit from articulating a clearer view, both internally and externally, about future directions and how to get there. Managing the industrial setting is a critical example.
	There is a widespread interest within the education sector for the Ministry to play a greater leadership role, although it was not apparent that all had the same view of where they wanted to see that leadership or in what form. A critical issue for the Ministry is to overcome a widespread perception of its slow and risk adverse responses and to be seen across the board as more 'can-do'.
	Some of that slowness has come from seeking industry consensus before acting. The Ministry has been assertive in developing National Standards. A more widespread adoption of that approach would enable a greater urgency to be seen. Slow responses can bring a high lifetime cost to individual students, in terms of lost opportunity, that has not been fully recognised in the past.
	It is not clear that the current configuration of institutions supports efficient and effective alignment across the sector. The Ministry needs to accept ownership of the responsibility for ensuring that the sector is achieving the desired outcomes and of identifying any changes in policy or implementation needed and by whom. To do this, it will need to be clear about the desired longer-term direction, what changes in institutional practices and incentives would be necessary and how such a change can be brought about.
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The necessary components for successful sector leadership are a clear, evidence-based sense of direction for the entire education sector, effective engagement with the government and sector stakeholders about that direction, and ensuring it is well understood within the Ministry as reflected in strong alignment of priorities, leadership and resourcing. A focus on student achievement provides a clear outcome focus. Successful sector leadership requires going beyond this to use of the right levers, institutional arrangements and connections across the sector, and a clear plan of action about what actions are necessary and sufficient to achieve change.

Our overall judgement of the Ministry's effectiveness in this area, assessed against those components as a whole, is that it needs substantial changes to its practices. It has some important building blocks in place and has responded well to the government's agenda but, as noted above, it lacks a coherent longer term sector view to underpin its advice and leadership role, alignment of the Ministry to that sector view, linking research and resourcing to provide more informed choices, and adopting a more comprehensive approach to change management across the sector.

We saw no evidence of systems to generate and demonstrate efficiency. This is a common finding throughout all the core business and it is discussed more fully in the section on efficiency. In the absence of such information, we have taken the view that a rating above 'needing development' for the efficiency of strategic leadership cannot be sustained without compelling alternative evidence. In the case of strategic advice, our judgement on efficiency was supported by the information that the quality of policy papers was below average.

Strategic Leadership of the Tertiary Sector

PERFORMANCE RATING	Performance Rating (Effectiveness): **Needing development** Performance Rating (Efficiency): **Needing development**
Effectiveness **Efficiency**	Some previous Ministers have preferred to get their advice on tertiary education from TEC. This has greatly limited the role of the Ministry of Education. The Minister of Tertiary Education has recently confirmed that strategic advice is to be the responsibility of the Ministry and TEC is to concentrate on operational policy matters. This provides a clear opportunity for the Ministry to exercise leadership in the tertiary sector. It requires a significant shift from its previous role. contd...

It will need to be prepared to advise on the strategic importance of a wide range of activities that it has not been involved in. For instance, the Minister will expect to be advised on the strategic importance of many Crown Entity activities. It will need to develop more knowledge and relationships with providers. It will need to view the sector as a system linking back from the labour market and take ownership for identifying any blockages to efficiency and effectiveness within the tertiary education system and options to correct these.

Over the last three years the Ministry has been increasing its capability on tertiary education and has advised competently on a range of policy and regulatory issues, including the Tertiary Education Strategy. The Ministry has responded well to the requests for strategic tertiary advice so far.

In the future, however, a significantly bigger role is expected of the Ministry. It will need to take an overview of tertiary education and its interfaces with the rest of education, and the rest of the economy. In doing so, it will need to identify any blockages to the efficient contribution of tertiary education, to advise of desirable responses and lead, where necessary, on their implementation. The shift required to enhance this role will be especially important in knowledge of labour market pressures and future demand, knowledge of operational consequences, external links and managing resources on a system wide basis.

This has led us to a view that the rating for future effectiveness should be 'needing development'.

Strategic Leadership of Schools

Policy development and setting long-term strategic direction. Development of school curriculum and learning resources for schools. Regulation and development of National Guidelines for the operation of schools. Measuring aggregate performance, best practice, and sector performance. Professional development and employment relations. Administration of funding for the operation of schools.

Includes providing direction, support and assistance to the operation of schools and teaching and learning outcomes, as well as work on managing teacher, principal and other collective agreements.

PERFORMANCE RATING **Effectiveness** **Efficiency**	Performance Rating (Effectiveness): **Needing development** Performance Rating (Efficiency): **Needing development**
	This core business as defined includes a mix of strategic leadership activities along with a set of administrative operations. Within the strategic leadership category there are a number of different activities, with mixed success being seen. There are some aspects of this core business where the Ministry shows world leading achievement but others where performance is less than desirable. contd...

In assessing the overall rating for this core business, we have taken account of the superior levels of performance but have also looked at the effectiveness of the overall leadership of schooling. In doing so we have given most weight to performance in strategic areas most critical to the future delivery of required outcomes in this sector. One priority identified by Ministers and the Ministry has been in dealing with the tail of low achievement.

Comments on the operational elements listed in the definition above for this core business have been included in the sections on the relevant core business operations.

In this section we have concentrated on the efficiency and effectiveness of the Ministry in directing the school system under three subheadings:

Clear articulation of direction

We did not encounter a clear and consistent articulation of a long-term direction for the education system. Instead a mix of adaptations (such as school clusters and online enrolment) have been directed at remedying weaknesses detected. Many of these initiatives are at an early stage. The ability of new initiatives, such as National Standards and the School Achievement Function, to engender marked shifts in schooling practice has been identified though the likely consequences for the long-term shape of schooling was less recognised. The confidence we gained from the insightful and thoughtful comments of various individuals about future direction and processes was not seen in the content of the strategic documents or the wider sharing of the Ministry.

Systems approach

We did not see a systematic approach to looking across the entire system to identify key impediments to future capability in schools. This was notably missing in regard to issues such as workforce roles, teacher selection and training and in ensuring that policies across the sector were aligned to deliver the best results. For instance, responsibility for teacher training is spread across diverse partners, with little formal alignment among them.

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Levers of influence

The Ministry has several levers to affect the performance of a very devolved school system. Essential frameworks, such as the curriculum, setting of best practice and national guidelines, provide powerful means of guiding behaviour. They appear to be managed well and, in the case of the curriculum, to world-leading standards.

Other levers of influence, such as industrial agreements, professionalism, regulation, standards, consultation, and relationship management appear to be little used or unduly responsive to failings in parts of the system, rather than being focused explicitly on student achievement. Professionalism, which is potentially a very powerful lever, has been handled in a passive manner and largely abdicated to industrial agreements.

In its own assessment, the Ministry has identified three areas where it needs to take responsibility for bringing appropriate leadership:

- teacher and principal selection, training and development
- industrial relations
- the balance of central, regional and local responsibility for the school network.

These three areas embrace some but not all the concerns we have judged as critical for the Ministry to be well placed in its strategic leadership of schooling. In addition, while the Ministry team can explain well some of the necessary actions in respect of these three areas, it has not identified what actions are the priorities for achieving the overall results.

The rating for efficiency concerns the extent to which the Ministry uses its resources in providing strategic leadership. As discussed in the general comments on efficiency, a systematic approach to measuring efficiency does not exist, and in the absence of other compelling evidence, efficiency was rated as 'needing development'. Of the two ratings given for strategic leadership, that for effectiveness seems by far the most important in judging the strategic leadership of schooling by the Ministry.

Strategic Leadership of Early Childhood Education (ECE)

Regulation and development of national guidelines for the operation of ECE. Measuring aggregate performance, best practice, and sector performance. Administration of the funding for the operation of ECE.

PERFORMANCE RATING	Performance Rating (Effectiveness): **Well Placed**
Effectiveness	Performance Rating (Efficiency): **Well Placed**

Effectiveness

Efficiency

The Early Childhood and Regional Education (ECRE) group is very well placed to continue to make a positive difference in this sector. Policy and operations at both a national and regional level are mutually reinforcing. The effectiveness of policies is likely to be heightened by regularly bringing staff from the field to work on policy issues.

The Group is working up a business case to use the National Student Number to track students from ECE into primary school so that the relative benefits of ECE can be measured. This seems an excellent initiative. It will be important to manage the risk that this more robust measurement may throw up lower participation rates than that previously gathered.

The Group shows a good understanding of Ka Hikitia, Pasifika Strategy, and the Special Education Business Plan and how these can be integrated into ECE. It is also developing a service model designed to increase participation from the target groups. The model takes a new, evidence- based approach of successful local initiatives to work differently with different groups. The Ministry has to actively help create services in areas where supply has been inadequate. It is adopting some innovative approaches to encourage this development, including investigating public/private partnerships, using schools as the focus for new services and working more effectively with local authorities.

Te Whariki, the ECE national curriculum, was informed by evidence based research. The Group has also identified through evaluation that professional development and combined with curriculum resources are as important to early learning as teacher qualifications.

There are high expectations that the Ministry will achieve ambitious levels of Māori, Pasifika and low socio-economic participation in ECE. ECRE will need to maintain pace and momentum to achieve these. The Group has the capability to think and work differently in relation to policy, regulation, service design and delivery and in a way that will enhance the achievement of results.

Provision of Services/Interventions to Schools

Guarantor of last resort – eg, statutory intervention, schools at risk. Other programmes.

Includes providing policy advice, regulations and services focused on the governance, management and operation of education providers, targeted student groups, Māori and improving student attendance, engagement and behaviour, literacy and numeracy.

PERFORMANCE RATING	
Effectiveness	Performance Rating (Effectiveness): **Needing development**
	Performance Rating (Efficiency): **Needing development**
Efficiency	

The Ministry provides services in professional standards and teacher development, purchasing, service standards and facilitation of parent engagement through school trustee elections that enable school boards, principals and teachers to focus on what is of particular importance for their schools to be most effective. Other services assessed in schools infrastructure contribute to this.

The Ministry should take leadership where nationwide or regional solutions are needed to solve problems, such as truancy, but has been reactive in how it adopts such leadership roles. Building a nationwide electronic register of student attendance and encouraging regional clusters are thoughtful responses to a problem that is now recognised as being unable to be resolved by schools acting in isolation. Reducing the dislocation to schooling that can result as students shift between schools, is another major benefit that reflects the increasing mobility across households and places that students experience during their school years. This is in its early stages.

The significant shifts being made to involve ERO in annual reviews of at- risk schools, and the 50 new posts under the Student Achievement Function that will work with Ministry regional directors, will play a major part in moving to a more staged approach to recognising where schools have become vulnerable to risks of poor performance. These moves should bring a quicker response than statutory management has typically provided and increase the likelihood of a return to normal while managing the effects on student achievement.

While the Student Achievement Function was scheduled to be rolled out in February 2011, at the time this review was conducted it was neither clear how this will work in practice nor whether the scale of the intervention will be sufficient to make an appreciable difference. In addition, even at the scale being contemplated, of 50 advisors there are questions about how readily these positions will be filled.

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Because of the early stage of a number of these actions, in particular, the Student Achievement Function SAF, we have rated this area as 'needing development' – current actions may be sufficient but there is not yet enough evidence to be confident of this.

Rethinking the interventions and provision of services to schools underpins the evolution of school management and teaching practice that is essential to meet rising expectations and to manage the tail of poor achievement. While the Ministry provides an encouraging environment for localised innovation, this needs to be more effectively complemented by the Ministry as an adaptive support centre through how it establishes and reinforces new norms in line with proven experience from effective innovation at a school level.

Provision of Special Education Services

Policy development and the setting of long-term strategic direction. Delivery of special education services.

| PERFORMANCE RATING | Performance Rating (Effectiveness): **Well placed** |
| | Performance Rating (Efficiency): **Well placed** |

Effectiveness

Efficiency

The policy, service design and delivery of Special Education are evidence-based. The effectiveness of services is currently measured on attendance and participation. A very challenging piece of work is under way to develop an Outcomes Framework intended to assess individual achievement against pre-determined goals. This will be supported by the development of an electronic case management system for data collection and information.

Group Special Education has recently been restructured to build a strategic capability that is well connected to the service delivery arm. There is a long-term strategy to mainstream Special Education, with clear milestones to mark progress toward achievement of that Strategy.

There is considerable focus on helping principals and schools in the mainstream to be willing to take students with special education needs and for those students to be successful. Frontline staff work closely with principals and schools to reduce their 'fear' and provide support for success. They have also promulgated the Positive Behaviour for Learning Action Plan to help all teachers manage students exhibiting difficult behaviours.

Auckland has already made a shift to thinking about students in terms of 0-8 years rather than 0-5years.

While there is, as elsewhere in the Ministry, a lack of formal cost-effectiveness measures, Group Special Education shows a strong awareness of cost-effectiveness in regular operations. Staff make threshold decisions daily. They have recently successfully closed a failing residence and reallocated those funds to better, more effective, targeted interventions. Some benchmarking has been carried out, showing productivity to be higher than in both the Resource Teacher: Learning and Behaviour (RTLB) service and Supplementary Support service

There are plans in place to make better use of highly paid professional staff as leaders, rather than 'doers' and to work more effectively and efficiently with others to deliver services. This range of evidence was sufficient for us to consider a 'well placed' rating was warranted, despite the lack of systems delivering robust ongoing measures.

Provision of infrastructure for schools

School property. Information and communications technology (ICT) services and infrastructure, includes broadband in schools. School transport. Payroll.

PERFORMANCE RATING	
	Performance Rating (Effectiveness): **Needing development**
	Performance Rating (Efficiency): **Needing development**
Effectiveness **Efficiency**	Historically, there have been problems with property, payroll and school transport. School transport now seems to be managed well and the Ministry is now addressing remaining problems in the organisation and infrastructure for payroll and property.
	Once the problems are fixed, it needs to determine which infrastructure requires its own involvement, and ensure adequate future governance for efficient provision (whether inhouse or outsourced). This will require the Ministry to be clear about the expertise it requires to fulfil its future roles. The fact that it has yet to have robust systems in place for all its infrastructure has lead to the rating of 'needing development'.
	The Ministry is working with Ministry of Economic Development (MED) to roll out broadband to schools. The current focus is on getting the pipes to the schools. Initial attention was directed at setting the standards that needed to apply in the broadband system, attention is now shifting to procurement options to reduce overall costs. Going forward it will be important to identify and act on the critical steps needed for schools to get the greatest value from the use of broadband.

Provision of services to communities and families
Includes providing policy advice and services focused on the community's and families' knowledge of and participation in the education system.

PERFORMANCE RATING **Effectiveness** Not rated **Efficiency** Not rated	Performance Rating (Effectiveness): **Not rated** Performance Rating (Efficiency): **Not rated**
	The Ministry receives $14.4 million for Support and Resources for the Community Output. The bulk of this, $10.4 million, is for Engagement and Provision of Information to the Community. There is considerable activity in this output related to working in partnership with iwi. The Ministry now has 45 partnerships. Feedback to us was mixed and ranged from very enthusiastic, to a concern that the engagement so far had not even clarified the respective roles of the Ministry and iwi. These relationships have the potential to significantly improve the participation and achievement of Māori students. It is important that engagement is structured to enable a full contribution by both parties, building on the learning from the more successful arrangements. The ECE strategy to increase participation of Māori and Pasifika students will also require new relationships with parents. Success in working with these parents will be essential to the success of the Strategy. In general, the rationale for this area of core business was not well defined. There seems to be merit in the Ministry developing a clearer understanding of its role with families and communities, given the shift in other activities and responsibilities in relation to schools and ECE since 1989. Since we did not examine the other activities in this area of core business we have decided not to provide an explicit rating

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International Education

Includes UNESCO, export education, codes of practice for international students.

PERFORMANCE RATING	
Effectiveness	Performance Rating (Effectiveness): **Well placed**
	Performance Rating (Efficiency): **Needing development**
Efficiency	Overall, this area is seen as providing valued services to providers, particularly through the ability of education counsellors and the Education Missions to open official channels and enable increases in export education. It is unclear, though, whether current settings and services are likely to enable a doubling of the size of this sector, as desired by the Government. The Ministry has an important role currently in advising on such strategic issues.
	We lacked evidence to show that this area of business was run efficiently and hence have rated it as 'needing development', particularly to generate information that would allow efficiency to be monitored and increased over time.
	There is a more fundamental question of whether export education should be a core role of the Ministry of Education.

Crown Entity Monitoring

PERFORMANCE RATING	
Effectiveness	Performance Rating (Effectiveness): **Needing development**
	Performance Rating (Efficiency): **Needing development**
Efficiency	Monitoring is an important means for the Ministry to exercise leadership within the sector; however, current arrangements with regard to Crown entity monitoring are narrowly focused on financial performance, with insufficient attention given to the extent to which the entity contributes to critical elements of the overall education sector performance.
	Some of this ineffectiveness in monitoring results from the lack of clarity about the key mechanisms and alignments needed to get the desired educational results. Better alignment of sector Statement of Intents (SOIs), now achieved, improved shared outcomes and an enhanced capability of the monitoring unit to undertake a risk and performance evaluation and analysis at a sector level are all pre-requisites to more successful monitoring.
	The Ministry is considering changing the current location of the Monitoring Unit within the Ministry to increase the value added from monitoring. It is not clear whether that structural change is sufficient.

Regulatory Impact
How well does the agency's regulatory work achieve its required impact?

PERFORMANCE RATING	Performance Rating: **Well placed**
	The Ministry operates within a regulatory environment, which includes 15 statutes, 52 pieces of secondary legislation and 26 pieces of tertiary legislation (such as notices, rules, deemed regulations). The major Act governing education (Education Act 1989) has a complex mix of modern and older styles of legislation. Despite this, the Ministry manages to operate in a way that generates little litigation. We have concluded that it is well placed to deliver this service in the future.
	There are two particular areas where further attention seems warranted in. These have to do with information on the cost-effectiveness of interventions in education and with finding ways to reduce total systems costs arising from regulations.
	The Ministry has limited information with which to advise Government about the relative cost-effectiveness of current or alternative interventions within the current system or within alternative future systems. Developing a cost-effectiveness component to programmes of intervention would go some distance to filling the current information gap.
	There is a challenge for the Ministry to find ways that it can reduce the total system costs through guidance to schools to reduce rework, reinvention and improve compliance. Current arrangements do not seem to be sufficiently effective. A more active role should be possible without muddying the governance role of school boards.

ORGANISATIONAL MANAGEMENT SECTION

Part One: Leadership, Direction and Delivery

Vision, Strategy & Purpose How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?	
PERFORMANCE RATING 	Performance Rating: **Needing development**
	In its various documents the Ministry sets out a clear vision for education, focusing on student achievement and equity of outcomes. Strategies toward these aims are set out at a relatively high level using the three to five- year horizon of the Statement of Intent. Plans to deliver on those strategies list a large number of intended projects. It is hard to be sure that the planned activities will be enough to change the behaviour of different participants in the sector, whether all planned activities are actually necessary and what the critical timings are. More explicit identification of the relative importance of different actions and their sequencing would help those faced with conflicting demands for resources. The Ministry has not articulated a compelling view on the longer-term options for the shape of education nor of how its own roles might change in that future, perhaps out to 25 years. Doing this would require a comprehensive view of the complete education system. To some extent this position now results from the large increases in the scope of Ministry operation over the latter part of the last decade that have left it with less time for strategic reflection. As a consequence, there is a risk that actions taken in the short to medium future might be inconsistent with future expectations. In discussions, it is clear that some individuals, or working groups, have generated quite thoughtful views on future pressures and possibilities. Such views, however, have not been socialised widely within the Ministry nor are clearly apparent in current strategies. The full range of future pressures and opportunities has yet to be built into current thinking. This provides a prime opportunity for the Ministry to exercise leadership. There is widespread appetite to open up consideration of the underlying model of Tomorrow's Schools. This is a particular example of a more general issue of how the Ministry can tap into the huge body of interest, enthusiasm and expertise outside the Ministry when thinking about future directions. contd...

Current arrangements do not systematically welcome such input. Different models of engagement are possible from those suggested in the original Picot Report to the approach used recently for the tax working group. This latter model might be a suitable one for the Ministry to consider.

Internal and external leadership are inextricably linked where an agency has sector leadership responsibilities. Clarity of sector direction is required to provide clarity internally. Our assessment of the Ministry's Vision, Strategy and Purpose therefore takes account of the interaction of the Ministry's performance in sector leadership and its internal leadership challenges. We have concluded the Ministry needs considerable development in this area, however, we acknowledge some work is underway to strengthen leadership.

Leadership & Governance

How well does the senior team provide collective leadership and direction to the agency?

PERFORMANCE RATING	Performance Rating: **Needing development**
	There are examples of strong leadership in some groups and parts of groups but this is not evident in a coherent and visible way across the Ministry. This issue has been identified internally and a series of actions are planned or under way, including setting out a longer-term vision of the education sector, operational business plans, and more internal communications. These seem necessary steps.

The Ministry has major change processes under way across most of its activities, with some quite robust frameworks for thinking about how parts of the overall Ministry might evolve and into what shapes. The overall picture, however, is not readily apparent.

As part of developing a coherent view of the future vision of the Ministry and of the path toward that position, a priority should be to clarify what are the things to achieve desired education outcomes that only the Ministry can do.

To do this, the Chief Executive and leadership team need to regard their time as a limited but vital resource and plan to optimise the use of it. This includes a greater emphasis on longer-term direction setting and change management. To enable this, the leadership team needs to move quickly on the intention to delegate responsibility to third tier managers and beyond, with clear performance expectations.

Consideration should also be given to alternative means of providing oversight of operational areas, representation and incident management. The wider use of governance boards, as discussed under risk management, is one possibility as is the delegation of authority to regions.

Culture & Values

How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?

PERFORMANCE RATING	Performance Rating: **Needing development**
	In a complex organisation, where achievement of outcomes requires many contributions to come together for success, the culture will determine the strength of common adoption of standards and practices that enable decisiveness and consistency under uncertainty through having clear expectations of how others will act.

The Ministry does not present a single clear set of organisational values that are described throughout the organisation in common language and that align with the goal of being 'capable, efficient and responsive to achieve education outcomes'.

It's the responsibility of the leadership team to establish a culture that best helps deliver the desired results. We did not observe this to be a conscious, continuing priority of the leadership team. While the precise elements of the culture are for the leadership team to define, we would expect that some or all of the following would be included:

- personal commitment to achieving the overall results and a willingness to act as needed to help deliver success ('owns the results' and 'can-do')
- openness to external input, challenge and review and a willingness to resolve stakeholder issues
- a positive valuation shown for high performance and a lack of tolerance of inadequate performance
- an appetite for innovation, coupled with conscious recognition of the management of risks
- a commitment to learning from experience.

We heard often that the values of Ministry staff could be described as: being collegial, consensus-seeking, and committed to educational outcomes. We heard some criticisms of behaviour that reflect an absence of the values we noted above. Examples include:

- there does not appear to be an expectation that a response is provided to all engagements internally or externally
- whilst staff are hard working and appear to be very busy, there has been less reflection and re-orientation to ensure that this activity is directed towards having the greatest impact on student achievement
- that the Ministry was risk averse and has been slow to act
- it's hard to get through to the Ministry.

	We also noted that the culture in operational units, especially those closer to schools, was seen as more 'can-do' than in parts of National Office.

Structure, Roles and Responsibilities

How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of Government priorities and core business?

How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?

PERFORMANCE RATING	Performance Rating: **Needing development**
	High-level planning, such as in the Statement of Intent and strategies such as Tertiary Education and Ka Hikitia, is clear. Where the planning has been less consistent for new initiatives is in bridging to the actions required and ensuring clarity about who has responsibility for delivery. This has been an issue with Ka Hikitia, for instance. More recently, the Ministry Business Plan has identified the actions planned for all the government priorities and assigned responsibilities and performance indicators. This provides a basis for progress.
	What is less clear in this planning is the relative priority attached to different actions so that staff have greater understanding of the implications of variations in the work programme as the year proceeds.
	There is variable role clarity. In terms of ongoing work, roles and responsibilities are specified in the normal performance management process. A lack of clarity seems to arise most often with new or ad-hoc issues that span more than one group. The recent Business Plan is a response to an internal awareness of this problem.
	The Ministry is moving to greater delegation to regions. Policy appears to be evolving at a different pace in the schooling area than in relation to Special Education. Taking the Ministry as a whole, this seems to be occurring in a piecemeal fashion rather than as part of a long-term strategy. In developing such a strategy it would be useful to pass this through a test of whether it is clear about those things that the Ministry and only the Ministry can do. The best way of organising these in the longer term should be identified and innovative options considered for all other activities. *contd...*

An issue for outsiders expressed to us is in knowing who in the Ministry to approach on any given issue. Internal responsibilities and roles are not always clear enough. With a large and diverse organisation, such as the Ministry, this is to be expected. The extent to which the Ministry helps steer outsiders to the right place, and manages that relationship, will affect its ability to influence others.

While we have been reluctant to place much weight on structure questions, there are three issues we think the Ministry needs to consider:

- the size and scope of the schooling area, which creates a risk unless there is rethinking of how responsibilities can be delegated
- the arrangements and resourcing around tertiary, given the interests of the Minister of Tertiary Education
- whether the arrangements of having policy advice distributed across the groups should be changed to grouping policy advisors to gain critical mass and benefit from specialist expertise in policy management.

Review

How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?

PERFORMANCE RATING	Performance Rating: **Well placed**

The programme of evaluation and research is well regarded and making a major contribution to facilitating the spread of recognised good practices across schools. It contributes much less to the comparative cost-effectiveness of programmes, and given the expected continuing pressure on budgets over the next decade, this will need to become a more significant focus of evaluation studies.

The Ministry made a strong start to this thinking in the 2009/10 Line by Line review and its work on drivers of cost pressures was praised widely. By external assessments, the Ministry compares well with other agencies although its work here is 'still evolving'.

The effectiveness programme is likely to bring a more demanding approach to assessing the Ministry's own effectiveness and efficiency, in the context of its net impact on student achievement.

The Ministry has been highly successful with both national (eg, National Education Monitoring Project (NEMP)) and international studies (eg, Programme for International Student Assessment (PISA)) in using well founded systems for assessing the performance of the school system.

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| | The refocusing of the Education Review Office (ERO) school review schedule has been put in place to strengthen initiatives to raise student achievement. This will bring the form of results of ERO reviews closer to the monitoring needs of the Ministry. The Ministry needs also to draw on all available 'soft' information, including that held by ERO. There has been serious concern within and outside the Ministry that placing schools into statutory management has been done too late, with too little concern for the impact on students.

While the initiatives for measurement and review have been developed within the sector, those outside the Ministry have provided quite mixed views about how far the Ministry welcomes expert feedback. Such tensions are of concern, as major changes to monitoring and review are of such importance that their effectiveness should reflect the best minds New Zealand can bring to bear on their evolution. |

ORGANISATIONAL MANAGEMENT SECTION

Part Two: External Relationships

Engagement with the Minister(s)
How well does the agency provide advice and services to its Minister(s)?

PERFORMANCE RATING	Performance Rating: **Well placed**
	The leadership team is very active in engaging with Ministers, and the Ministry is well regarded by its Ministers who are now looking for more forward looking advice in the future.
	Its standard of policy papers is mixed. The improvement of policy advice is one of the driving forces behind initiatives already in train, including considering how to structure the policy groups.

Sector Contribution
How well does the agency provide leadership to, and/or support the leadership of other agencies in the sector?

PERFORMANCE RATING	Performance Rating: **Needing development**
	Partnership with departmental stakeholders is very well managed at chief executive (CE) level with regular engagement, but with joint work not always progressing at the same speed or with the interaction partners seek.
	To date, engagement appears to be more at the tactical than strategic level and the depth of the relationship at CE level does not appear to be systematically mirrored down through the organisations. The Ministry is regarded as not being active enough in engaging other departments in the formative stages of proposals but more effective once work is under way.
	Education agency SOIs are now well linked but the process of developing joint goals could be improved. A disproportionate share of the CE-level responsibility for education sector coordination appears to lie with the Secretary for Education.
	The CE is a well regarded participant in the Social Sector Forum but engagements at a lower level are mixed about the contribution that education could make to, and receive from, wider social policies.
	More recently, there has been increased engagement at the deputy chief executive (DCE) level and below in response to expectations of the Government about some local initiatives and new ways of doing work, coupled with the expectation that the Social Sector Forum will provide input into the Auckland spatial plan.

Collaboration & Partnerships with Stakeholders

How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?

PERFORMANCE RATING	Performance Rating: **Needing development**
	The Ministry has consulted extensively on some matters to the extent that they have been seen to be slow to act. On the other hand, there is a widespread external view that the Ministry is not sufficiently open to outside expertise and challenge. The level of engagement at CE level was commented on favourably by many but so too was the difficulty of further follow up at other levels of the Ministry. It is critical that the Ministry resolves these tensions in a way that does not detract from its ability to maintain momentum. Different parts of the Ministry engage with stakeholders almost entirely from their own sectoral perspective. A lack of a strategic approach to managing key relationships means that it is difficult to ensure there is effective engagement with the stakeholders who are key to progress on the most significant issues. This lack of strategic management of key relationships is a barrier to the Ministry being able to make progress on some issues. Formal processes for communication appear quite inadequate for the mix of relationships, including those with principals. These criticisms apply less so in the special education and early childhood education areas.

Experiences of the Public

How well does the agency meet the public's expectations of service quality and trust?

PERFORMANCE RATING	Performance Rating: **Strong**
	The Special Education services are the main part of the Ministry providing services directly to the public, whereas the rest of the Ministry interfaces with providers (schools, tertiary institutions etc). Hence this rating relates to the Special Education services, rather than more generally. The only front-facing public survey information available is very positive, showing that Special Education services outranked other public services in relation to staff being competent, promises being kept, fair treatment and individual circumstances being taken into account. And value for money.

ORGANISATIONAL MANAGEMENT SECTION

Part Three: People Development

Leadership & Workforce Development
How well does the agency develop its workforce (including its leadership)?
How well does the agency anticipate and respond to future capability requirements?

PERFORMANCE RATING	Performance Rating: **Needing development**
	The Ministry has acknowledged the need to improve its leadership and workforce development and a number of plans are under way. The overall governance arrangements support human resources (HR) to deliver to the strategic aims of the business.
	Leadership and management capability development is provided internally and through a variety of external providers, with a particular focus on the use of a Leadership Development Centre for second and some third tier staff, and a strong 360 degree process. The Ministry spends $2.5 million on formal staff training; better information on how this is used is needed. The Ministry has adopted the SSC's recommended approach to succession planning.
	While the Ministry has recognised a need to change and has begun to act, the rating shown recognises that results are yet to be seen, and so it was not possible to tell whether the changes made would deliver the expected results.

Management of People Performance
How well does the agency encourage high performance and continuous improvement among its workforce?
How well does the agency deal with poor or inadequate performance?

PERFORMANCE RATING	Performance Rating: **Needing development**
	The Ministry has acknowledged that its formal performance assessment system is not meeting its needs and has a plan to address this. It is harder for us to assess how real-time performance feedback is provided and what consequences (positive or negative) follow. In discussion it was clear that the quality of performance feedback and follow up varied across the Ministry in a way that should be a priority to remedy
	The Ministry has a role that engenders a huge commitment among its staff. We saw pockets of high performance but didn't see evidence of the lessons from that performance being routinely embedded across the Ministry. Links from organisation goals to individual staff expectations are weak, with staff not always getting clear signals of what their priorities should be.

Engagement with Staff

How well does the agency manage its employee relations?

How well does the agency develop and maintain a diverse, highly committed and engaged workforce?

PERFORMANCE RATING	Performance Rating: **Needing development**
	The Ministry manages a number of collective agreements, has extensive engagement with unions and has recently taking a strategic approach to bargaining to align conditions better with the needs of the business. It intends to create a people development strategy. The Gallup survey shows that the Ministry is comparable with other state sector organisations but below the standard achieved by the top quartile of organisations worldwide and so this rating reflects a judgement that the aspiration within the public sector should be set considerably higher than the current average achieved.

ORGANISATIONAL MANAGEMENT SECTION

Part Four: Financial and Resource Management

Asset Management
How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?

PERFORMANCE RATING	Performance Rating: **Needing development**
	The Ministry's self-review identified this area as needing development and it intends a number of responses that are likely to be effective. The Ministry does not have a comprehensive asset management plan. Work has commenced to improve procurement systems and processes and compliance with the Ministry's contracting policies.

Some assets, like cars and accommodation, are well managed and the Ministry is beginning work to put a system in place to gain a better understanding of how well utilised they are. The Ministry needs to create greater transparency around how its fixed assets are managed and how trade-offs between new initiatives and repair/upgrading of existing assets are made. |

Information Management
How well does the agency utilise information & communications technologies to improve service delivery?

PERFORMANCE RATING	Performance Rating: **Well placed**
	Over the past two years the Ministry has done a lot of catch up on nearly a decade of under investment. There is, however, currently no electronic document management system. The pilot roll out was due in October 2010 with whole Ministry roll out in early 2011. This will need to be supported by a strong change management plan to get the behaviour shifts needed to make best use of the system.

The focus over the past couple of years has been to significantly improve infrastructure, interoperability and integration of ICT across the Ministry. This has been achieved through populating the management team with ICT professionals, relationships with business lines, improved governance (including external advisors) and rationalising the number of help desks for school support and greater discipline around capital purchases. Value- for-money (VFM) opportunities have been captured through smarter telecoms contracting, software licensing, printing arrangements and increased product standardisation.

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The Ministry contributes to whole-of-government initiatives such as iGovt, Identity Verification Service, and the Government Shared Network. In the schools sector the Ministry maintains a number of systems. Te Kete Ipurangi is highly regarded because it is easily accessible and comprehensive. The Ministry is also developing e-asTTle for online recording of student achievement and is looking to develop a record of learning that would reinforce its strategic focus on student achievement.

Efficiency

How robust are the processes in place to test for efficiency and make efficiency improvements?

How well does the agency balance cost and quality when considering service delivery options?

PERFORMANCE RATING	
	Performance Rating: **Needing development**

A judgement has been required regarding the efficiency with which the core business outputs of the Ministry have been provided. Our view is that we should have been able to see evidence of efficiency derived from robust systems. In the absence of such systems we have judged that efficiency needs to be shown as 'needing development', and this approach has been taken in all cases.

Generally, in line with practice elsewhere in the public sector, we saw no evidence there was a systematic approach to generate and demonstrate efficiency. This is a common finding throughout the core business areas. It should be noted that market and quasi market solutions provide inbuilt means of testing efficiency through direct comparison of the prices of outputs. Where these markets are not possible, as is often the case with departmental outputs, more administrative mechanisms need to be used for judgements of efficiency.

Ideally, output costs should be benchmarked against those in recognised efficient markets for comparable outputs or input costs and business processes would be compared with relevant market services where there is no market for outputs. In practice, of course, it is often difficult to find closely comparable products, as often there are important and well justified quality differences that affect the underlying costs. In the absence of direct benchmarking, there can be acceptable alternatives through occasional benchmarking of selected processes, evaluation of the leverage obtained across the sector from key investments, including the recognition of changes in intangible benefits, a recognised contingency for managing adverse situations or just measures of change in costs and system performance over time.

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Nevertheless, the Ministry has undertaken a number of actions that point to a desire to achieve efficiency and effectiveness.

The Ministry is aiming to identify the key results expected in each of its core businesses and then to track measures relevant to those results. This seems a very good practice to the Review team, and should help provide useful feedback for management to adjust practices where policies are not as effective.

These actions and others suggest that the Ministry should be able to move to a 'well placed' status, perhaps more readily than many other agencies.

It is committed to developing information systems and measures to assess effectiveness within the wider education sector. In addition to current planned work there is an opportunity to develop guidance on cost-effectiveness of different approaches within the research and evaluation programme. This would allow schools to make decisions on effective and efficient practices and interventions.

The Ministry has already taken a number of steps to improve measures of its own performance. These include the development of a cross-agency Business Plan to provide an intermediate level between the Statement of Intent and Group Business Plans. It sets out medium-term targets and looks at how the various groups will work together to deliver on the objectives. The Ministry has taken part in the Better Administrative Support Services Programme which provides an approach to benchmarking back office services against other departments in New Zealand and overseas.

The Ministry was proactive in identifying low value spending in its Line by Line review and identified opportunities for re-prioritisation of spending in the last Budget. The 2009 Line by Line review noted that since 2003/04 there had been a 40% growth in departmental expenditure, with questionable results, and identified $11.8 million of initial savings for Budget 2009. This was followed up with a Baseline Efficiency Work Programme and the Detailed Evaluation for the Vote for Budget 2010, which also identified opportunities for reducing inefficient or unproductive activities.

The ability to make cost/quality tradeoffs is increasingly important. The Ministry needs to identify $25 million in savings by 2012/13 to operate within baselines. If the Ministry extended this horizon it would generate internal debate about more fundamental options for the future shape and funding of the education system in the long term.

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The Ministry is developing a Ministry-wide cost-effectiveness framework; its Effectiveness review is focused on improving linkages between financial cost information and non-financial performance information, and has already suggested a work programme to develop cost models that will improve the understanding of relationships between costs and outputs.

This work needs to be advanced quickly and with a view to fundamentally reviewing the costs within business units, between business units, as well as challenging the efficacy of what is insourced and what is outsourced.

Financial Management

How well does the agency manage its financial information and ensure financial probity across the business?

PERFORMANCE RATING	Performance Rating: **Well placed**
	The Ministry is meeting its base financial reporting and probity requirements (with the exception of Property, which is discussed elsewhere) and Treasury is positive about its interactions with the Ministry finance team (despite the forecasting of education funding being a complex task). It has set itself ambitious improvements to its financial management including: • providing more targeted strategic financial advice to the organisation • linking financial performance information to non financial performance information • gathering and reporting information to support wider VFM analysis of information to inform relative trade-off decisions • improvements in financial systems and processes, eg, costing, forecasting, contract management. The Ministry is meeting its base requirements and is ahead of many other agencies in thinking about its strategic financial management choices.

Risk Management How well does the agency manage agency risks and risks to the Crown?	
PERFORMANCE RATING 	Performance Rating: **Needing development** Elsewhere in this report we have commented on our judgement that the Ministry is seen as being risk averse in many of its actions. The need to manage risk within a constructive, systematised risk management culture, especially as that fits operating risks as diverse as industrial relations, intervention in schools and showing more pace in change. This is particularly important for short-term costs that are very likely to be offset by more significant potential benefits in the longer term, yet actions appear to be managed for their immediate consequences. The discussion here relates specifically to formal risk management processes relating to financial and resource management. Risk reporting across the Ministry is uneven. According to the Ministry's own assessment there is little evidence of risk management in some projects. There are pockets of good practice, where risk management is active and well managed but there are also cases of risk management for compliance only. The Audit and Assurance Committee is largely external, which is desirable, with one DCE being a member. The third external vacancy on the Committee has been filled. There is a relatively new Internal Auditor who is overseeing a good Internal Audit programme that includes a range of compliance and performance audits. The Internal Auditor has also undertaken to increase the Audit and Assurance Committee's focus on following up on actions that need to occur to better manage risks. There are a number of governance committees across the Ministry. There have been cases where these have been instituted after risks have emerged as performance issues. The Ministry should adopt as its default that all projects that require contribution beyond the bounds of one business line require good governance arrangements from the outset. It may also be timely to review the number of governance committees to consider if some of them may be grouped to better manage interrelationships between projects and at the same time reduce the time the DCEs spend in meetings.

SUMMARY OF PRIORITY ACTION AREAS

The following have been identified by the Lead Reviewers as the key priority focus areas for the Ministry of Education.
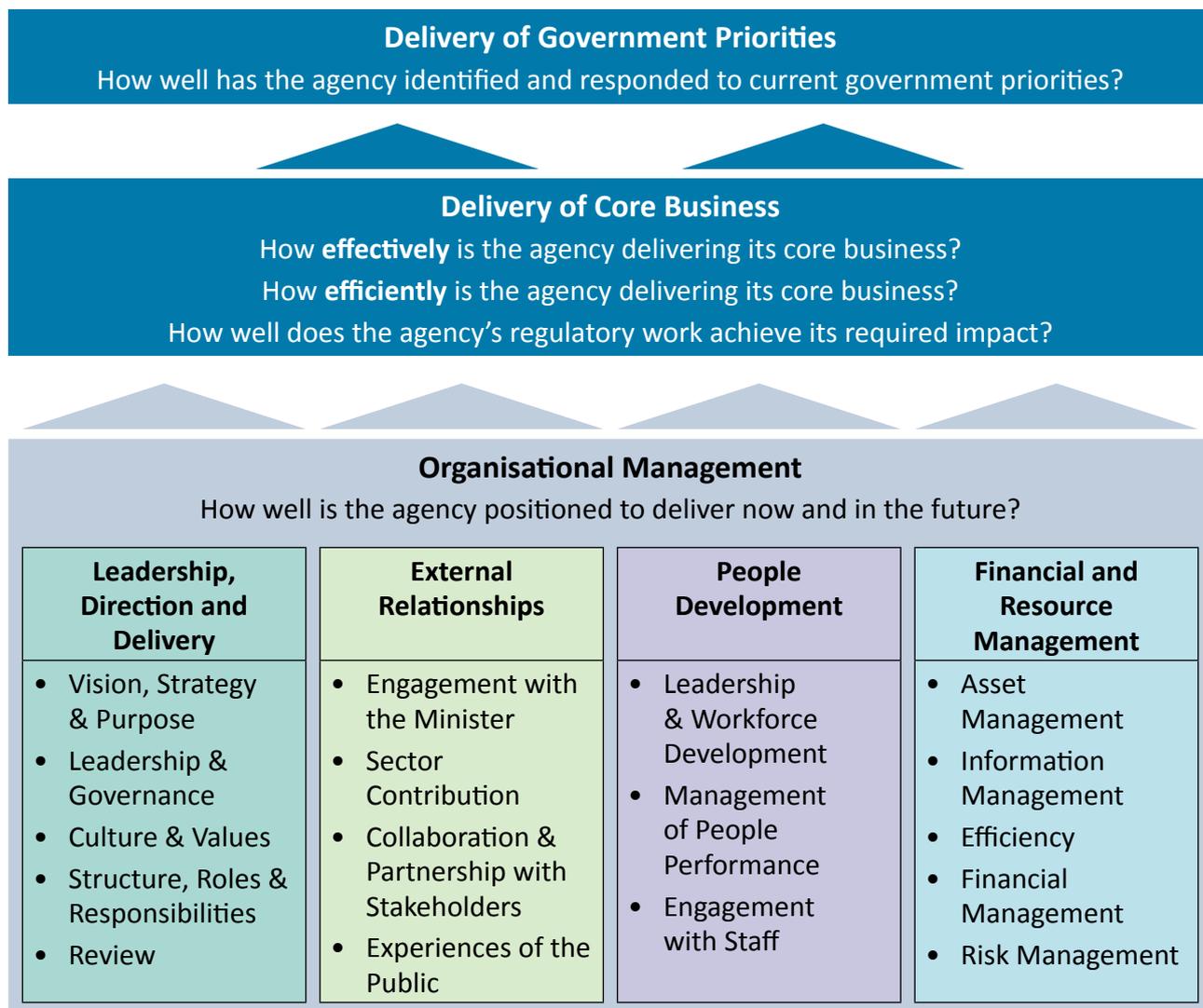
	Recommendation	Who?	Why?
Leadership of the Ministry			
1	Ensure that the things that can only be done by the leadership team are the prime focus of its work and that responsibility is clear for all decisions and actions to manage the education system.	CE with LT	To enable LT to focus on where it can add greatest value given its time is a scarce resource. Ensure that the leadership team makes visible what its short-, medium- and long-term priorities are across the organisation, and what form its own leadership is expected to take. To ensure that there is clear responsibility somewhere in the Ministry for all areas where it has a role in ensuring achievement in the education sector.
2	Reinforce and realign desirable culture and practices to better support the Ministry's leadership role.	LT	Common values would help enable consistency in how the Ministry responds to issues (regardless of their character) and maintains urgency. In a complex organisation, where achievement of outcomes requires many contributions to come together for success, the culture will determine the strength of common adoption of standards and practices that enable decisiveness through having certainty in how others will act. Particular values likely to be of importance are: • personal commitment to achieving the overall results, and a willingness to act as needed to help deliver success ('owns the result', and 'can-do') • openness to external input, challenge and review, and a willingness to resolve stakeholders issues • a positive valuation shown for high performance and a lack of tolerance of inadequate performance • an appetite for innovation, coupled with conscious recognition of risk management • a commitment to learning from experience.

3	Provide a compelling articulation of the things that the education system should do in the medium and long term to meet the outcomes sought.	LT	To enable short-term decisions to be consistent with the longer-term direction. To reduce the downstream costs of uncertainty and enable others to take timely and consistent actions. To increase the authority to act by those with responsibility for this, by clarifying the broader context within which their mandate sits and bringing more certainty to the obligations other parts of the Ministry have to their achievement. To have a clear basis for determining whether the authority for action is best placed centrally, regionally or locally, and put this in place. To align tertiary sector policy with the prospective needs of the labour market.
4	Realign its internal structure to better fit the future demands.	CE	Particular areas for consideration include policy advice, tertiary capability for enhanced role, the breadth of the schooling function, and international.

Education System Design

5	Reduce the total system cost of regulation and procurement.	LT	In considering regulation and procurement, the Ministry needs to take account of total system costs rather than just those of the Ministry.
6	Improve, and make better use of, information of the relative cost-effectiveness of alternative actions.	LT	A better understanding of cost-effectiveness is critical to setting priorities. This will be even more important in a future where overall resources will be seriously constrained, yet innovation needs to continue as before.
7	Adopt a change management approach across the education system that is sufficient to achieve the desired results.	LT	In a highly diverse system, thought needs to be given to ensuring that all the key decision-makers have the necessary information, capability and motivation to make the changes. Clarity of the change direction allows downstream partners the information needed for them to take early actions. A good change management approach would ensure from the start that enough is being done to deliver the results being sought, to track progress and ensure a timely response if necessary to remain on course.

Strategic management of Relationships

8	Adopt a more strategic approach to managing key stakeholders and, as part of this, find ways to tap external input while maintaining momentum.	LT	Different parts of the Ministry engage with stakeholders almost entirely from their own sectoral perspectives. A lack of a strategic approach to managing key relationships means that it is difficult to ensure there is effective engagement with the stakeholders who are key to progress on the most significant issues. Given the expectations within the education system for consultation, a way needs to be found to maintain momentum while this occurs.

Specific initiatives

9	Enable a review of how well the current education system is operating.	LT	Opportunity to manage a growing appetite from a range of stakeholders to fine-tune how the system is working and to build a constituency for the changes that will be necessary to lift system performance.
10	Bring its key infrastructure up to standard and ensure that issues delegated have a clear allocation of responsibility and authority to act, with LT having appropriate follow up based on results.	LT	To reduce the risk that LT gets diverted by operational problems that can arise from large infrastructure or delegated issues going awry. A modern infrastructure can provide a good platform for continuing innovation.

APPENDIX A

Overview of the Model

Delivery of Government Priorities
How well has the agency identified and responded to current government priorities?

Delivery of Core Business
How **effectively** is the agency delivering its core business?
How **efficiently** is the agency delivering its core business?
How well does the agency's regulatory work achieve its required impact?

Organisational Management
How well is the agency positioned to deliver now and in the future?

Leadership, Direction and Delivery	External Relationships	People Development	Financial and Resource Management
• Vision, Strategy & Purpose • Leadership & Governance • Culture & Values • Structure, Roles & Responsibilities • Review	• Engagement with the Minister • Sector Contribution • Collaboration & Partnership with Stakeholders • Experiences of the Public	• Leadership & Workforce Development • Management of People Performance • Engagement with Staff	• Asset Management • Information Management • Efficiency • Financial Management • Risk Management

Lead Questions

Results

Critical Area	Lead Questions
Government Priorities	1. How well has the agency identified and responded to current government priorities?
Core Business	2. How **effectively** is the agency delivering this core business area? 3. How **efficiently** is the agency delivering this core business area? 4. How well does the agency's regulatory work achieve its required impact?

Organisational Management

Critical Area	Element	Lead Questions
Leadership, Direction and Delivery	Vision, Strategy & Purpose	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership & Governance	7. How well does the senior team provide collective leadership and direction to the agency? 8. How well does the board lead the Crown Entity? *(For Crown Entities only)*
	Culture & Values	9. How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?
	Structure, Roles & Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? 11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?
	Review	12. How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?
External Relationships	Engagement with the Minister(s)	13. How well does the agency provide advice and services to its Minister(s)?
	Sector Contribution	14. How well does the agency provide leadership to, and / or support the leadership of other agencies in the sector?
	Collaboration & Partnerships with Stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?
	Experiences of the Public	16. How well does the agency meet the public's expectations of service quality and trust?
People Development	Leadership & Workforce Development	17. How well does the agency develop its workforce (including its leadership)? 18. How well does the agency anticipate and respond to future capability requirements?
	Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce? 20. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	21. How well does the agency manage its employee relations? 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?
Financial and Resource Management	Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?
	Information Management	24. How well does the agency utilise information & communications technologies to improve service delivery?
	Efficiency	25. How robust are the processes in place to test for efficiency and make efficiency improvements? 26. How well does the agency balance cost and quality when considering service delivery options?
	Financial Management	27. How well does the agency manage its financial information and ensure financial probity across the business?
	Risk Management	28. How well does the agency manage agency risks and risks to the Crown?

APPENDIX B

List of Interviews

This review was informed by input provided by a large number of Ministry staff, by the Minister of Education and other Ministers, individual principals at primary and secondary level including Kura Kaupapa Māori, and representatives from the following businesses, organisations and agencies.

Agency/Organisation
Auckland Kindergarten Association
Auckland University
Broadband in Schools Principals Reference Group
Business New Zealand
Cognition Education Trust
Department of Labour
Department of Prime Minister and Cabinet
Education New Zealand
Education Review Office
Industry Training Federation
Ministry of Social Development
New Zealand Catholic Education Office
New Zealand Childcare Association
New Zealand Disabled Persons Assembly
New Zealand Education Institute
New Zealand ITP – Institutes of Technology and Polytechnics
New Zealand Post Primary Teachers Association
New Zealand Qualifications Authority
New Zealand School Trustees Association
New Zealand Teachers Council
New Zealand Vice Chancellors Committee
Nga Kura a Iwi o Aotearoa
Ngati Whakaue
Office of the Auditor General
Secondary Principals Association of New Zealand
State Services Commission
Te Puni Kōkiri

Te Runanganui o Nga Kura Kaupapa Māori o Aotearoa
Te Whare Wānanga o Awanuiārangi
Tertiary Education Commission
The Treasury
Victoria University

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