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Introduction

This document sets out the Government's initial response to the recommendations by the consultants who were appointed by the Education and Manpower Bureau (EMB) to conduct a review of the Education Department (ED) in December 1997. We will take a final view after careful consideration of comments from the staff of ED, the education community and members of the public.

Background

2. The Education Commission (EC), in its report No. 7 (ECR7) published in October 1997, recommended, inter alia, a review of the management structure of ED to facilitate the implementation of various new initiatives to improve the quality of education. This recommendation was adopted by the Government and the decision to undertake this review was announced in the Chief Executive's Policy Address on 8 October 1997.

The Review

3. A management consulting firm was appointed to conduct the review. The objective of the consultancy is to undertake a root and branch review of the organisational and management structure of ED, to enable it to function more efficiently, effectively and responsively in its mission to provide quality education.

4. During the review, the consultants have met with over 200 people (individually or in groups) from within ED and from organisations which have an interest in school education. The final report on the review was received in May 1998. An executive summary containing the major recommendations by the consultants is at the Appendix.

Key Observations by the Consultants

5. The following key issues were identified by the consultants in their analysis :

- **new demands from the many initiatives and reform in recent years** require major changes to the present role and structure of the Department, management practices and organisational culture. The process for policy development and implementation will also need to be improved;
- **changes in the organisation and functioning of ED will not be enough on its own.** The attitudes and involvement of other partners in education services such as central Administration, the school sector and advisory bodies are equally important. The quality of school principals also needs to be level-up;
- progress towards school-based management has been disappointingly slow. **The role of ED will need to change radically in response to school-based management and schools need to accept the associated accountability;**
- **Government schools should be on par with aided schools** in the development of quality education and **have greater flexibility** in management of resources in the spirit of school-based management; and
- in the light of the rapid developments on the education front, there is a case for **a greater degree of autonomy for certain**

functions of ED, in particular the professional functions such as curriculum development and quality assurance. Consideration should also be given to transferring functions which are not closely related to ED's core role in the school and pre-school sectors to other appropriate agencies.

Major Recommendations by the Consultants and the Administration's Initial Response

6. We are grateful for the important work carried out by the consultants within a very tight time-frame. It should be noted that whilst the review was thorough and comprehensive, the consultants have only pointed out the **broad direction** for change, and that detailed proposals need to be formulated on each of the recommendations, in consultation with ED staff with input from the school sector.

7. The major recommendations by the consultants and the Administration's initial response are set out in the table below.

Consultants' Findings & Recommendations	Administration's Initial Response
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<p>(i) All the five key observations by the consultants in paragraph 5.</p>	<p>Supported. We agree that changes are required in ED. Similarly, other parties in the school sector must also play their part.</p>
<p>(ii) Re-structuring ED into 4 client-based divisions (i.e. serving the schools, parents and students, the community, and the Department respectively).</p>	<p>We agree to re-structure the various divisions of ED according to the client-based concept. The proposal will improve the effectiveness of ED's interfaces with all stakeholders in the education system and will enable ED to serve them better. The precise grouping of functions and distribution of duties under the various divisions and the related financial and staffing implications particularly on the directorate structure will need to be further considered when detailed proposals are drawn up.</p>

<p>(iii) Re-configuring 19 district education offices (DEOs) into three to five regional offices (REOs), to be headed by at least Principal Education Officers (PEOs) or Assistant Directors (ADs).</p>	<p>We agree to re-configure the DEOs into a small number of REOs. The proposal will streamline the functions of the existing DEOs and signify a new relationship between ED and the schools built on partnership rather than micro-management.</p> <p>The precise number of REOs and other details, such as their geographical delineation and functions, as well as the staffing and the ranking of the officer heading each of the REOs, will need to be further considered when detailed proposals are drawn up.</p>
<p>(iv) Simplification of grade structure. The bulk of new entrants should be assigned to a single grade.</p>	<p>Streamlining the existing grade structure supported. We agree that as a matter of principle a less rigid and compartmentalised grade structure would be conducive to the development of a strong cadre of education officers with all-round competencies and experience. The proposal will give more</p>

flexibility in the deployment of staff and will enhance their professional development in response to new demands in the education sector.

Officers of all professional grades should have equal opportunities to aspire to the senior professional posts of the Department. This would improve the career prospects of those whose advancement is now constrained to within their own grade. The structure of the new unified grade and the exact implementation arrangements will need to be carefully worked out, having regard to functional and entry requirements and the Government's grading principles. Staff reaction will also be taken into account in the formulation of regrading proposals.

<p>(v) Opening up professional posts to external recruits.</p>	<p>Depending on how the functional divisions will be re-structured, we agree that it will be appropriate for the incumbents of a large number of directorate professional posts to have a wider range of expertise as well as professional, including more recent management or teaching experience in a school. This would also enhance the Department's professional credentials. If officers with such qualities are not readily available within the Department, suitable professionals from the aided or private sector should be considered, having regard to established civil service policy and practice.</p>
<p>(vi) To create a separate agency for school inspections. The head of the agency would be directly responsible to the Director of</p>	<p>Supported in principle. A new set-up would help create a clear break with past practices in the light of the new approach to school inspection. There is, however, no need to create a separate agency outside the mainstream department as D of E has the statutory duty to ensure the</p>

<p>Education (D of E).</p>	<p>overall quality of the school sector. We consider that the various school inspection and advisory functions now undertaken by various divisions should be centralised, and a new division formed which will directly report to the Director. Detailed implementation plans and staffing and training arrangement need to be worked out carefully as the new division would require a body of staff with a profile of skills and experiences different from the current ones.</p>
<p>(vii) To increase the professional autonomy of the Curriculum Development Institute (CDI). It should be transferred out of mainstream ED and its Head should report directly to the Secretary of Education</p>	<p>We agree the need for greater autonomy for CDI and that the Head of CDI should report directly to SEM/D of E as it would enhance the autonomy and professional development of CDI. We see a case for gradually increasing the proportion of contract posts in the CDI and for a more regular in-flow of non-Government personnel filling these posts.</p>

<p>and Manpower (SEM)/D of E.</p>	
<p>(viii) Government schools should enjoy the same degree of flexibility as aided schools in management and financial arrangements, failing which they should be hived off from the Government.</p>	<p>We agree that Government schools should be brought as close as possible to their counterparts in the aided sector in terms of the degree of autonomy in financial and personnel matters. Specific proposals in this direction should be formulated. We agree that efforts to promote school-based management should continue more rigorously, with ED no longer approving detailed matters on the management, staffing and expenditures of schools in accordance with some central broad guidelines, but schools should be accountable for the resources provided to them and the authority vested in them. Given that we are now prepared to give Government schools more flexibility and autonomy in the management of resources, there is no strong justification for hiving-off at this stage. The</p>

	<p>transitional costs associated with hiving-off Government schools could be substantial and, on the basis of past experience, negotiations with staff could be a complicated and protracted process.</p>
<p>(ix) Requiring sponsoring bodies to introduce performance appraisal for principals, and developing mechanisms for identifying individuals with the potential to take on leadership roles.</p>	<p>Supported in principle. We agree that ED should be more closely involved in the selection of principals to ensure the quality of leadership in schools. Detailed implementation plans need to be worked out carefully in consultation with school sponsors and individual schools.</p>

<p>(x) A fund to pay off principals who do not wish, or will not be able to make the transition to school-based management to retire or leave the schools.</p>	<p>We agree that the quality of principals is pivotal to the development of quality education and we recognise we do have a lot of competent principals making valuable contribution to school education. Whilst we support the idea in principle, operational details need to be carefully worked out to avoid abuse, and should take into account established civil service policy and practice.</p>
<p>(xi) Transferring teacher registration and other non-core functions such as the registration of non-local higher education and professional courses, non-formal adult education and post secondary college, to</p>	<p>Requires further consideration. At present, a Preparatory Committee (PC) for the Establishment of General Teaching Council (GTC) has been set up under EC to work out the details for the setting up of GTC. Subject to the future roles and functions of GTC, consideration could be given to transferring the teacher registration functions to GTC when it is established and has gained community-wide</p>

appropriate agencies in due course.	credibility. Meanwhile, this should remain with ED. Regarding other non-core functions, we need to identify or establish within EMB agencies which have the appropriate remit and the capability to take up these functions.
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The Way Forward

8. We welcome your views on the major recommendations by the consultants and our initial response. On the basis of views received, the Government will take a final view on the recommendations to be adopted. A dedicated team will be set up within ED to formulate detailed proposals and implementation schedule, and an appropriate institutional framework will need to be set up to monitor progress. As envisaged by the consultants, we should allow for an extended time-frame for implementation. It will take time for changes to be rolled out on the ground and for the new management culture to take root in ED and elsewhere within the Administration, and in the school sector. Implementation will have to be phased and we foresee it will take at least **two years** before the major reforms in ED take shape and at least

five years before all the changes involving the entire school sector can be fully implemented.

9. Comments on this document should be sent in writing by mail, facsimile or e-mail, not later than 20 October 1998, to -

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Education and Manpower Bureau
July 1998

**EXECUTIVE SUMMARY of
the CONSULTANTS' REPORT on the
REVIEW OF THE EDUCATION DEPARTMENT**

Introduction

Coopers & Lybrand were commissioned by the Education and Manpower Bureau (EMB) to undertake a review of the Education Department (ED).

2. The terms of reference required us to :
- review the present organisational and management structure of ED to identify any scope for re-organisation and rationalisation;
 - identify any scope for further co-ordination and better communication, both among divisions and sections as well as within the management hierarchy;
 - identify any aspects of ED's extensive schedule of work that can be executed more cost-effectively, streamlined, hived-off, or dispensed with, without compromising ED's statutory duties under the Education Ordinance;
 - identify areas for improving the interface and co-ordination between ED and EMB as well as other Bureaux and advisory bodies; and

- consult widely within and outside ED.

Context of the review

3. Many education systems in different parts of the world are undergoing fundamental and rapid change as Governments respond to increased competitive pressure - within which the quality of education is a key factor - and the ever-increasing aspirations of parents. The Hong Kong school system is no exception to this trend, and is facing major new challenges as it approaches the 21st century. In particular, ED has been tasked to implement a series of new and major initiatives in school education with the objective of enhancing the quality of education provision. This has contributed to a major programme of change in the school sector including :

- setting goals and developing performance indicators at the level of individual schools;
- putting in place a new approach to quality assurance;
- delegating further responsibility for resource and staff management to schools;
- providing increased management freedoms to schools to allow them to use funds flexibly;
- providing incentives to encourage quality school education; and
- raising professional standards of principals and teachers.

Our approach to the development of recommendations for change

4. In developing the analysis which underpins our recommendations we took as our starting point the identification of the challenges facing ED. By challenges, we mean those aspects of current practice which require change and new developments which will require a response from ED. The analysis was based on the following assumptions :

- that the purpose of the review was to contribute to the promotion of **quality education**;
- that it is important to identify the challenges facing the pre-school and school system and the implications of these challenges **not just for ED** but also for other parts of the system including schools; and
- that the review is strategic in that it analyses what needs to be done to respond to the **long-term** challenges facing the school sector.

5. We identified problems at four different levels of management in the sector :

- the **management of the sector** as a whole;
- the **management of ED** itself;
- the **management of individual schools**; and

- the **management of the delivery of education in the classroom.**

6. At the level of the **management of the sector**, our main findings were that :

- there is a need to recognise more explicitly that ED should have a major role in contributing to the development of policy, and that it needs to develop its capability to play this role more effectively;
- policy development needs to involve more effective consultation with advisory bodies and other stakeholders in the sector;
- there is a need to develop a more systematic approach to the planning and co-ordination of policy initiatives;
- policy initiatives were sometimes framed in too prescriptive a way which did not encourage initiative at the school level, did not recognise the different needs of different schools and was, therefore, potentially wasteful;
- there is a need to develop a more sophisticated and strategic approach to policy implementation including through the use of incentives; and
- there is a need to develop better arrangements for collecting and analysing information about the performance of

individual schools and the sector as a whole to underpin policy development.

7. We also concurred with the report of the panel of experts who carried out a parallel review of the relationships between the education-related executive and advisory bodies that the roles and responsibilities of these two types of bodies need to be more clearly distinguished.

8. At the level of the **management of the Department**, we identified the following problems :

- external bodies and individuals find it difficult to get the information or advice they need from the Department;
- co-ordination between different divisions and sections is patchy;
- staff do not have a clear understanding of objectives and priorities. As a result, individual staff members' decisions and actions are sometimes not aligned to the achievement of organisational objectives;
- there is an over-emphasis on rules and precedents in decision-making rather than the achievement of objectives;
- there are relatively low levels of trust between those in ED and school staff;
- decision-making is sometimes slow;

- senior staff are heavily overloaded; and
- there is very limited external recruitment of staff from outside the Department; and within the Department the compartmentalised and complex grading structure inhibits the flexible deployment of staff. As a result, the Directorate draws on a small base and has very limited current school management experience.

9. The result of these internal management problems are a widespread external perception that there is :

- poor service provided to schools and other external stakeholders;
- ineffective policy implementation; and
- poor advice and information to policy makers.

10. At the level of the **management of individual schools**, we identified the following problems :

- the respective roles and responsibilities of sponsoring bodies, supervisors and school management committees are unclear and that there is concern among some supervisors and school management committee members about their liabilities under school-based management;

- there is a widespread view that the quality of leadership in schools is very uneven and that some school principals are not currently able effectively to exercise increased management responsibilities;
- there has been slow and disappointing progress in delegating management responsibility to individual schools;
- While progress is being made on a new approach to school inspection and improvement based on a quality assurance model, there is a need to develop appropriate skills for implementation;
- school principals and teaching staff devote excessive time to low level administrative tasks because of the administrative load associated with the current approach to the management of the school sector and the restrictions on schools' being able to re-deploy resources to employ more clerical support;
- there are concerns among school principals about the user-friendliness and effectiveness of the School Administration and Management System (SAMS), the "core" information technology system supporting schools;
- there is a need for ED to gear up to helping schools take on increased management responsibilities, but to ensure that

this does not lead to it taking decisions on behalf of schools;
and

- there is a need for school management in particular principals, to be willing and ready to take on increased management responsibilities and to account for them.

11. At the level of **management of the delivery of education in the classroom** our main findings were that :

- the approach to curriculum review which relies heavily on volunteers to do the work involved leads to slow progress in reviewing curricula and syllabuses;
- many teachers engage in in-service training and development, but that there is no general expectation that all teachers will engage in continuous professional development;
- schools have very limited ability at present to decide how best to use their accommodation and physical resources or what equipment and facilities they need, as most of these decisions are tightly controlled by central prescription; and
- in future schools will increasingly need advice about the quality of education software.

12. In the light of this analysis we have identified a number of implications for ED and other bodies which play a role in relation to school and pre-school education. The main ones are set out below .

Implications for ED

13. In relation to policy making ED needs to :

- develop its capability to contribute to the development of new or revised policies and to comment authoritatively on the likely impact of new or revised policies on the quality of education;
- be able consistently to provide comprehensive and co-ordinated responses to request for information and advice from EMB and advisory bodies;
- ensure that consultation takes place with interested parties before firm policy decisions are taken; ensure that the ground rules for consultation are clear; and make explicit the outcome of any consultation exercise;
- be prepared to challenge proposals from advisory bodies which it believes to be wrong;
- work with EMB to clarify the respective policy and operational responsibilities of the two bodies and ensure

that its staff are sensitive to the political implications of operational decisions; and

- present changes in policy which are made in the light of emerging implementation issues in a positive light and not as a sign of weakness.

14. In relation to the implementation of policy ED needs to :

- ensure the Directorate plays an enhanced role in integrating separate policy initiatives and planning support capability in the Department;
- see each policy implementation proposal as a guide for action, not as a strait-jacket;
- frame implementation plans to allow schools to influence (and take responsibility for) local implementation;
- develop a more sophisticated and strategic approach to policy implementation, including the increased use of incentives;
- support schools in developing their own objectives and making their own plans in relation to policy objectives;
- be prepared to make judgements about the relative merits of different schools' plans;

- tell schools when their comments on implementation have not been taken into account and why;
- make sure pilots are seen as genuine pilots and not as the first stage of an inevitable implementation programme; and
- develop its approach for collecting better information on the performance of the school sector.

15. In relation to the management of individual schools, ED needs to :

- develop a coherent new description of the roles of and relationships between the various parties involved in school management;
- find a means of appropriately limiting the liabilities of supervisors and school management committee members;
- ensure that principals have appropriate skills and qualities by having a greater say in the appointment of principals in aided schools. This might involve participation in the selection process and/or the approval of short lists;
- manage a "re-structuring fund" to facilitate those principals who do not wish to, or will not be able to, make the transition to school-based management to retire or leave the service voluntarily with compensatory payments as appropriate;

- require sponsoring bodies to introduce performance appraisal for their principals;
- in partnership with sponsoring bodies and schools, develop mechanisms for identifying individuals within the school system who have the potential to take on leadership roles and for nurturing that talent;
- develop a communication strategy to explain to the public that the primary responsibility for individual school performance lies with the school itself and not with ED;
- develop an appropriate method for assessing the annual plans and reports produced by schools, and provide support and advice to schools about the process of developing an annual plan;
- push forward the further delegation of budgetary responsibility to schools;
- minimise the administrative burden placed on schools as a result of central demands;
- review the user-friendliness of and technical support for the SAMS system; and
- ensure that the staff charged with providing advice and support to schools have the right skills and capabilities.

16. In relation to the delivery of education in the classroom, ED needs to :

- consider, in collaboration with the Advisory Committee on Teacher Education and Qualifications (ACTEQ), what steps it should take to foster continuous professional development in the run up to the establishment of the General Teaching Council;
- promote and facilitate greater mobility of teachers between schools;
- review the system of career advancement to encourage able people to enter and stay in the profession;
- delegate to schools the ability to make decisions about adapting accommodation and acquiring new equipments; and
- progressively increase the delegation of authority to schools to make decisions about minor repairs and maintenance.

Implications for other bodies

17. **EMB** will need to :

- work with ED to clarify the respective policy and operational responsibilities of the two bodies;

- ensure that policies are not over-prescriptive in the way they are expressed and leave ED scope to develop appropriate implementation strategies;
- be prepared to back ED's judgements in relation to the appraisal of the plans and performance of individual schools, and proposals for liberating and devolving greater authority and accountability to schools;
- consider how to finance and operate the "re-structuring fund". The Finance Bureau (FB) and the Civil Service Bureau (CSB) will also need to be involved; and
- be fully involved in explaining to the Legislative Council and others that the primary responsibility for the operation and performance of a school lies with the school itself.

18. **Advisory bodies** will need to :

- be able to look to ED as their chief source of advice on the likely impact of new policies;
- recognise that simply because all their advice is not accepted, this does not mean that a consultation exercise was necessarily invalid; and
- recognise that their role is advisory and that it is the responsibility of the Government to decide policy.

19. **Schools** will need to :

- take greater responsibility for the implementation of policy in circumstances where ED has given them choice and flexibility over how to achieve the desired outcomes;
- develop the capability to devise their own plans and to justify and account for them;
- make full use of the opportunities for consultation provided by ED;
- recognise that the political and resource constraints on ED will occasionally prevent full consultation on implementation plans;
- be involved in the development of the system for collecting performance information;
- seek advice and support to develop their capability to produce annual plans;
- appreciate that under delegated management they will have new responsibilities and that they should not attempt to off-load these onto ED staff; and
- review their recruitment policies with the aim of opening up many more posts to external competition.

Other Bodies

20. Training providers will need to gear up to assist principals (and others) to develop the necessary management skills.

21. Sponsoring bodies may need to persuade principals who are unwilling or unable to perform effectively within the new arrangements to leave or take early retirement.

22. The Curriculum Development Council (CDC) needs to take a more pro-active stance in areas where major curriculum overhaul is needed.

23. The Curriculum Development Institute (CDI) should review the role of working groups and full-time staff and secondees in undertaking the work involved in curriculum and syllabus development.

24. Architectural Services Department (ASD) should aim to withdraw from offering minor repairs and maintenance services, except in cases where schools choose to use them in preference to other suppliers.

25. FB and CSB will need to be involved in the proposals for increased delegation and greater freedom for schools to make decisions.

A vision for the future of ED

26. Building on our analysis, our next step was to develop a vision for the future ED which includes :

- recommendations on the future role of the Department. This includes changes to the portfolio of functions undertaken by the Department;
- proposals for how the functions and staff of the Department should be organised in future;
- proposals for how staffing policies and practices need to change in the light of our analysis and other recommendations; and
- proposals for the development of new management practices and ways of working to help address some of the issues identified in the analysis;
- some comments and recommendations on the development and use of information systems in the Department.

Role of the Department

27. We divided the functions undertaken by the Department into the following categories :

- **enhanced functions** — those which will need to be boosted as a result of the changes set out in the analysis;
- **continuing main functions** — those which ED carries out now and which it will need to carry out in the future;

- **terminated functions** — those which should be stopped as a result of the changes set out in the analysis; and
- **candidate for hiving-off** — those functions which might better be undertaken outside of ED.

28. In addition, there are two functions currently carried out within EMB where there is an argument that these should be done within ED. We describe this fifth category as "Candidates for hiving-in".

Enhanced functions

29. ED will need to enhance its capabilities in relation to two main groups of functions :

- functions related to inputting to the policy making process;
- functions related to further delegation to schools. In particular :
 - holding schools to account for their performance, including through the evaluation of annual school plans and reports;
 - ensuring schools have the capability to manage their affairs effectively. This would include ED being more actively involved in the selection and appointment of principals; and

- providing advice and support to schools, particularly in relation to management issues.

Continuing main functions

30. Under our proposed vision, the Department will continue to be the body primarily responsible for the implementation of education policy at the school and pre-school levels. As such, it will retain a wide range of administrative and professional tasks essential to the functioning of the overall system.

Terminated functions

31. Just as further delegation to schools will mean that ED needs to enhance its capabilities in some areas, it also means that it should stop performing other functions. These relate to the vetting and approval of management decision in schools.

Candidates for hiving-off

32. Our analysis resulted in six possible reasons for transferring functions out of ED to be undertaken by another existing body or a new body. We also identified eight functions or groups of functions as candidates for transfer out of ED. These candidates and the reasons are shown in **Figure 1**.

Figure 1 : Functions identified as candidates for hiving off and the possible reasons for doing so

Candidates for hiving off	Possible reasons for hiving off					
	Facilitate delegated school management	Reduce the load on ED senior management	ED culture and ways of working not suited to the function	Provide an opportunity for a fresh start	Functions better undertaken by another body	Functions not closely related to ED's core role
Government schools	X	X			X	
Curriculum development		X	X			
Inspection and school improvement		X	X	X		
Registration of teachers					X	
Monitoring the quality of in-service teacher education					X	
Adult education						X
Post-secondary college						X
Registration of non-local higher education and professional courses						X

(i) Government schools

33. It has proven more difficult to delegate management responsibilities to government schools than to aided schools because civil service rules and regulations cut across the delegation of management freedoms.

34. This tension between delegation and central restriction will become more pronounced if, as we propose, a policy of further delegation is adopted, moving beyond school-based management as set out in Education Commission Report No. 7. In principle there are two ways of overcoming this problem :

- the Government could decide to exempt government schools from these central rules and regulations; and
- the Government could hive off these schools to the aided sector and/or the private sector.

35. The first course of action would be simpler and the transitional costs would be considerably less (although the costs associated with hiving off could be reduced by phasing them in over a longer period and we note the concern of CSB in how this may be achieved). On the other hand we are not aware in practice of many successful examples of ring-fencing civil service activities and freeing these up from civil service rules.

36. The transitional costs and risks associated with hiving-off government schools are well known :

- there is likely to be considerable union resistance; and
- the transitional staff costs could be very substantial. We estimate that they could be in the range \$311,000,000 - \$4,037,000,000.

37. Against this, however, it should also be noted that, in the long run, savings will accrue because the costs of teachers in government schools are higher than those in aided schools.

38. On the basis of our analysis, we conclude that the more desirable course of action would be for the Government to decide :

- that government schools should be exempted from the centrally-determined rules and regulations which apply to government departments. They should be subject to exactly the same management control regime as aided schools; and
- to put in place safeguards to ensure that government schools are seen to be treated on an equal basis when decisions are being taken on differential funding.

39. If the Government is not prepared to take this course of action, then it should hive off its schools into the aided and/or private sectors (each school should be consulted on its preferred option). In addition :

- serving teachers in these schools should be assured that their benefits will be protected for the duration of their employment by the schools;

- attractive "bridging over" arrangements should be developed to encourage as many teachers as possible to transfer to the new employer; and
- one or possibly two new sponsoring bodies should be established to take over responsibility for those schools moving into the aided sector. To maintain diversity, the sponsoring bodies should not be allied to any particular religious or social group. The members of the governing bodies should be appointed by the Secretary for Education and Manpower (SEM).

40. If neither of these two courses of action are pursued there is in our view a real risk of a quality "gap" opening up between aided schools and government schools as aided schools find ways to use their new management freedoms to improve the quality of the education they offer.

(ii) Curriculum Development Institute

41. We recommend the transfer of CDI out of the mainstream department for the following reasons :

- most importantly, it would distance CDC/CDI from the central administration which would help to reduce (but not eliminate) the possible perception of political influence on the curriculum;

- we believe that the prospects for achieving a management environment suited to the needs of curriculum development are better outside the mainstream department than inside;
- it should be straightforward to put in place arrangements for ensuring necessary co-ordination between the mainstream department and CDC/CDI;
- the costs of transition should be minimal assuming the existing non-contract staff who transfer remain civil servants; and
- there will be greater opportunity for income-generating activities (such as charging a fee for book review) to contribute directly to the budget of CDC/CDI.

42. We recommend that :

- CDC should continue to play a role in curriculum development and review and that SEM should, as now, appoint the members of CDC (under authority delegated by the Chief Executive);
- CDC/CDI should not be merged with the Hong Kong Examinations Authority because of the risks that this would lead to curriculum development being dominated by examinations;

- the staff of CDI should remain as civil servants but there should be the option of reassigning posts which fall vacant as contract posts;
- the head of CDI should report to the Director of Education (D of E)/SEM; and
- CDC should produce annually a draft business plan for the coming year's programme of work and this should form the basis of discussions about the resourcing of CDC/CDI. This together with regular in-year review meetings between EMB and CDI will also help to ensure that CDI's work is aligned to wider priorities for the sector.

(iii) School inspection and school improvement

43. Both of these functions are undergoing radical change with the introduction of quality assurance inspection (QAI). This represents a steep change from current practice. While some inspectors are undoubtedly of value to the schools they work with, there is a widespread concern that inspection activities are of very limited value to many schools.

44. We judge that the new approach to and importance of QAI and school improvement requires a body of staff with a substantially different profile of skills and experience than that of the current Inspectorate. In particular, there will not be a requirement for junior inspectors and there will be a need for many more inspectors with recent experience of teaching and managing in schools.

45. We judge that there is a risk that were these functions to stay in the Department then there would be a tendency to transfer into QAI and the school improvement function, some current inspector grade staff who do not have appropriate skills and experience.

46. Against this, the most persuasive argument against moving school inspection and improvement out of the Department altogether is that if D of E is to remain responsible for the overall performance of the school sector, then he/she would need :

- the ability to use inspection as a tool for gathering information about schools' performance; and
- to be able to affect the performance of schools through the work of school improvement officers.

47. We think that the best way forward would be to create a separate agency for QAI and school improvement, the head of which would be responsible to D of E. The agency would, however, remain inside the civil service but outside the mainstream Department.

(iv) Teacher registration

48. We think that there are strong arguments in favour of the General Teaching Council (GTC) having responsibility for assessing eligibility for teacher permits and maintaining the register.

49. Much will depend, however, on the composition and credibility of GTC. We assume that the body will be appointed rather than elected and that it will enjoy the respect of teachers and the public. If this is not the case, then ED will need to maintain responsibility for executive functions related to teacher registration. In any case, ED will need to undertake this function until GTC is established, i.e. experienced and credible community-wide.

50. We think that there are strong arguments in favour of the GTC having responsibility for assuring the quality of in-service provision. In any case, we do not think that this would be a role that ED would be well placed to carry out.

(v) Non-core functions

51. ED is not well placed to take responsibility for **the registration of non-local higher education and professional courses**. The alternative to the current arrangements would seem to be to vest the responsibility with the Hong Kong Council for Academic Accreditation who carry out much of the assessment work now.

52. With regard to **adult education**, we think that "formal" adult education (the compulsory school curriculum for adults who have missed out on formal schooling) should remain with the Department. For "non-formal" adult education, we suggest that ED should enter into discussions with the

Social Welfare Department and the Home Affairs Department and perhaps the Vocational Training Council about the transfer of these courses. However, ED may continue to be the most appropriate body for the funding of some kinds of non-formal courses.

53. We suggest that ED should continue to have responsibility for the **post secondary college** but that responsibility be re-considered at a later stage.

Functions transferred to ED from other bodies

54. EMB currently undertakes two executive functions, namely the management of the Quality Education Fund and the Language Fund.

55. This is anomalous as EMB is a policy Bureau not an executive body. Moreover, there are arguments to transfer the management of these funds to ED to ensure that their use is co-ordinated with overall priorities and policies for the pre-school and school sectors. We think that the objective should be to transfer the management of these funds to ED. Therefore we recommend that :

- a proportion of the Language Fund should be allocated to the pre-school and school sectors and this budget should be managed by ED;
- ED should only be able to apply for these funds in response to an explicit request from a number of schools to apply on

their behalf (except for government schools should these remain within the Department);

- responsibility for management of these funds should be transferred to ED only when the reforms set out in this report are well underway.

Organisation structure

56. We identified four criteria to act as a basis for assessing different groupings of functions :

- creation of easy interfaces with external stakeholders including schools and sponsoring bodies; students and parents; EMB and the major advisory bodies;
- avoidance of interdependent functions being divorced from each other;
- avoidance of dispersal of specialist resources; and
- avoidance of groupings of unrelated functions.

57. We propose that the most weight should be given to the first of these because ED is at the heart of the education system and our analysis suggested that the improvement of interfaces with external stakeholders was perhaps the most important requirement for ED.

58. We suggest that the second most important criteria should be to achieve co-ordination and collaboration across internal organisational

boundaries because this has also been a major problem for the Department and has impeded its effectiveness.

Alternative models for grouping functions

59. We developed and evaluated two possible ways of grouping functions within the Department. They are as follows :

- a client-based model : aligning functions and staff to stakeholders and clients (so that the functions which are primarily related to a particular group of stakeholders are grouped together); and
- a specialism-based model : grouping together functions on the basis of the specialist expertise of the staff who carry out these functions.

60. Our analysis shows that each model has strengths and weaknesses but that, overall, the client-based model is much more appropriate given ED's future need. The grouping of staff in relation to client groups will also provide an organisational basis for re-orienting the Department's staff to ED's enhanced role as a service provider (rather than controller).

61. The grouping of functions on the basis of the primary client group is shown in **Figure 2**, and in **Figure 3** we show a top management structure designed to fit this grouping of functions.

62. An important but second order question concerns where the liaison with schools function should be located. Given the more strategic nature of the work involved, the relatively small geographical area of Hong Kong and advances in communications technology, we doubt that it is effective for these staff to be dispersed in 18 offices as at present. We think that an attractive option is to group these staff in perhaps three to five Regional Offices (the precise number and coverage of each office would need further consideration). If this arrangement were adopted, then additional measures might be needed to ensure that members of the public were able to access the information and advice that they needed.

Figure 2 : A client-based model

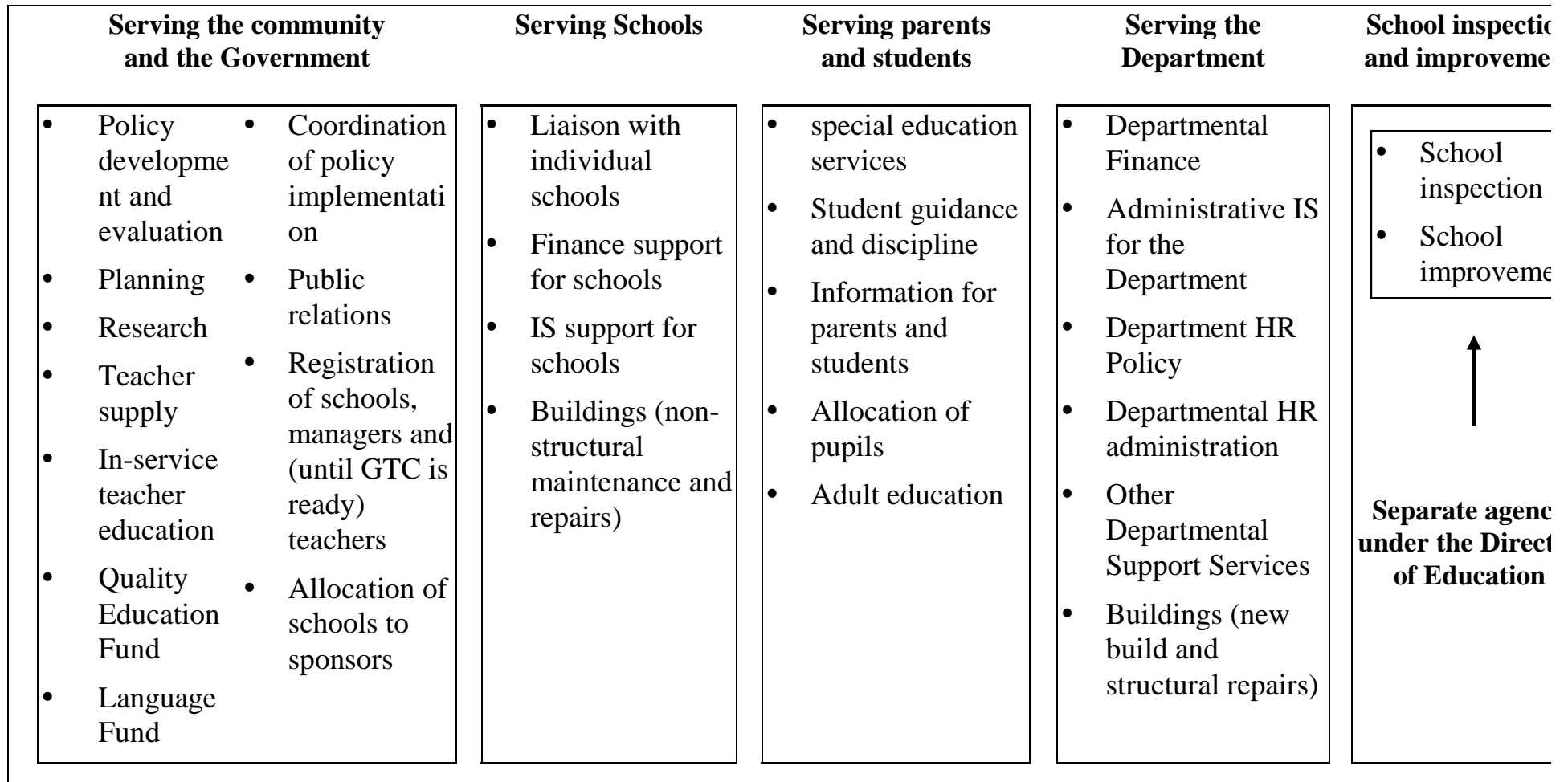
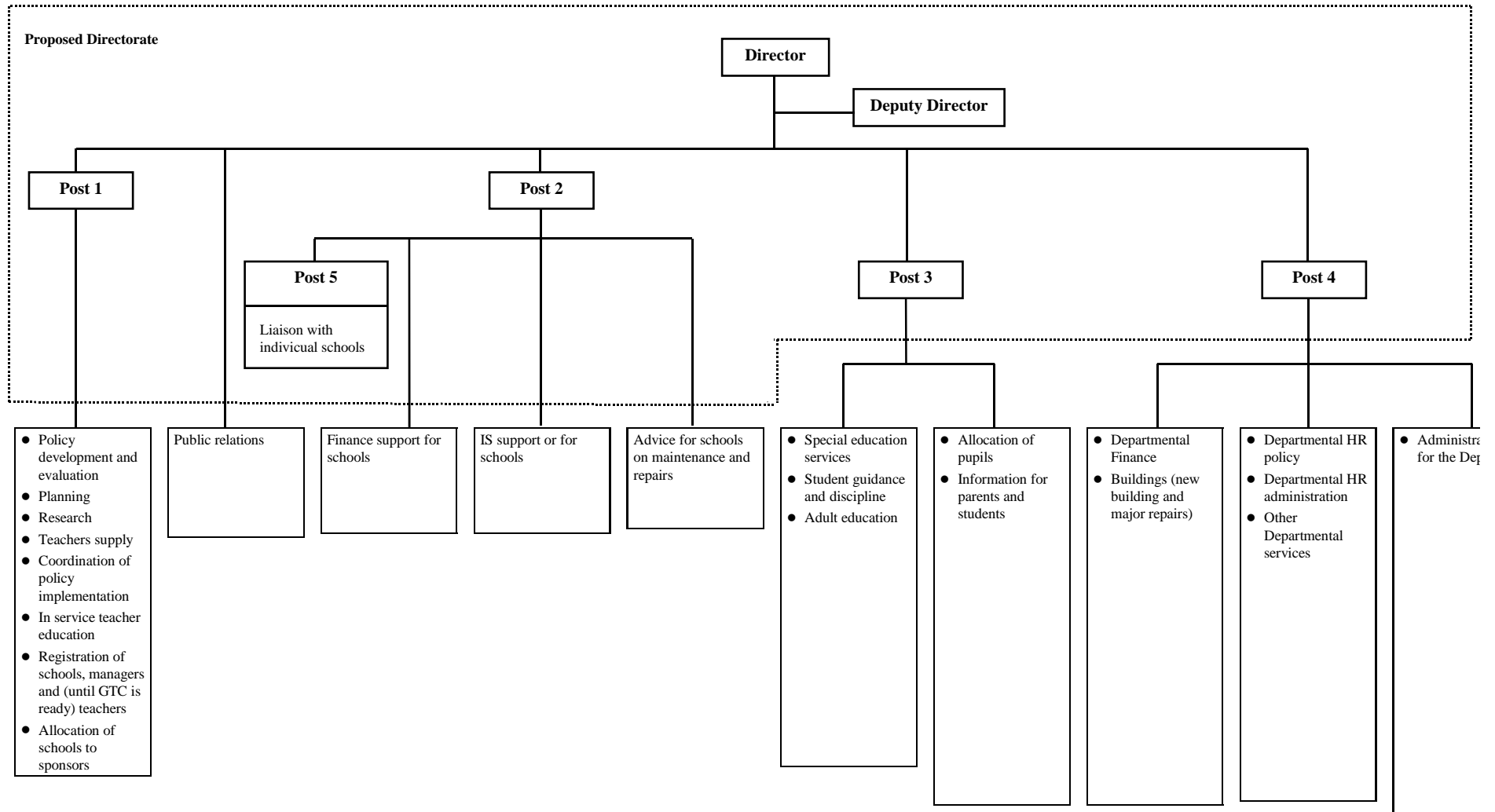


Figure 3 : Proposed top management structure



Staff recruitment

63. We think that there is a need :

- for a more diverse range of experience represented in the senior levels of the Department; and
- to increase the number of senior staff with recent experience of working in schools.

64. This will help to enrich the staff mix in the Department by :

- ensuring that ED corporately is able to gauge the probable effects of proposed changes on schools;
- increasing ED's credibility in the eyes of schools and assist in the development of a "partnership" relationship between ED and schools; and
- increasing the variety of skills and expertise available within the Department.

65. To achieve this, there will be a need to open up professional posts to external recruitment and to encourage principals, teachers and others (for example, academics) to apply for these positions. Secondments should also be encouraged.

66. We advocate an approach which would encourage and enable able individuals in schools to plan their careers in such a way that they would

be prepared for senior positions in ED. This might involve short periods of secondment to ED, together with an appropriate mix of training and development.

Deployment of staff

67. To achieve more flexible deployment of staff in the Department we recommend the following :

- all posts in the Department should be open to individuals from all the Departmental grades;
- the competencies required for a post should be identified, documented and used as the basis for selecting the most appropriate person to fill the post; and
- all new entrants to the Department (besides Speech Therapists, Audiologists and Educational Psychologists) should be assigned to a single grade.

Management practices

68. Changes in management practices and ways of working within the Department will be needed to :

- enable the Department to respond effectively to the challenges which it faces; and

- complement the organisational and staffing changes previously described.

69. We describe the necessary changes under the following headings :

- delegation
- communications
- performance management
- organisational culture
- information systems

Delegation

70. Limited delegation is an underlying cause of :

- slow decision-making;
- overloading of top management; and
- poor service to external (and internal) stakeholders.

71. It also leads to inefficiency.

72. We propose the promotion of increased delegation based on a new approach to managing risk which involves :

- ensuring that staff have acquired the necessary skills to make consistently sound judgements;
- ensuring that staff have the necessary contextual information to form their judgements, including information about organisational objectives and priorities; and
- not blaming staff when reasonable decisions lead to mistakes or embarrassment (as, inevitably, from time-to-time, they will). These incidents should be looked on as opportunities for individual and organisational learning.

73. The Department is already taking some steps to move in this direction; and we propose a carefully planned programme of training and support to move in the direction of greater delegation over time.

74. We anticipate that effective delegation will ultimately result in fewer posts within ED, although we would expect the resources to be devolved to support delegation.

Communications

75. Poor communications in the Department are a contributory cause of :

- staff not being aware of organisational and sector-wide objective and priorities; and

- poor co-ordination between different divisions and functions.

76. We recommend the development of a communication strategy as an important component of the changes we are suggesting. The process would begin with a "communications audit" which would examine the effectiveness of current communication channels in ED. The outcome of this audit would provide a basis for beginning to develop a communication strategy for the new organisation.

Performance management

77. We think that the performance management system in ED - personal objective setting and appraisal - could be used to help reinforce the key messages to staff about the need to focus on "client service" and corporate objectives.

Culture

78. In addition to changes to organisation and management practices, we think that there is a need to address the issues of staff attitudes, values and motivation more directly. We recommend a programme of actions designed to enable and encourage staff to reflect on the attitudes underlying the way they make decisions and interact with others. One possible starting point for such a programme would involve undertaking an exercise to develop a set of organisational values and to communicate these to the Department.

Information systems

79. We have undertaken a preliminary, high-level review of information systems (IS) in the Department. The main messages resulting from the review are :

- that IS is often seen by ED staff and colleagues in schools as an additional burden rather than as the main mechanism for storing and accessing information and for communications within the Department and between the Department and schools;
- users do not in general see how the use of IS can serve the needs of the Department as a whole. Thus, if the use of IS does not benefit an individual unit or section directly, there is a tendency not to devote resources to updating data; and
- technical back-up is regarded by users as being inadequate.

80. We have offered some comments on possible ways to help overcome these difficulties. These suggestions are preliminary only and further work would be needed to develop a programme of action in response to the issues described above.

81. However, one point which we would highlight in the context of this review of the organisation of ED is the need for a reappraisal and clarification of the role of Information Services Division (ISD). We suggest that consideration should be given to re-orienting ISD's role so that it acts as

an link between users and the technical specialists in Information Technology Services Department (ITSD). In this role, we would also expect it to be able to act as an arbiter on the relative importance and urgency of competing requests for applications enhancement and upgrade.

Implementation

82. We have developed a draft five year implementation programme for the changes which we propose. It is structured in 15 implementation streams covering changes which will be needed outside the Department - for example, to level-up the quality of leadership in schools - as well as internal changes within ED.

83. We also propose :

- the establishment of a steering committee to oversee the implementation programme;
- a dedicated implementation management team within ED to manage the programme of change;
- the creation of an additional HR policy team or resource within ED to be responsible for pushing forward the changes to personnel policies and practices that will be required (although they may be part of the implementation team); and
- access to external expert support to assist with project management, training and aspects of the change programme.

~~~~~END~~~~~