

PERFORMANCE IMPROVEMENT FRAMEWORK

Follow-up Review of the Ministry for Culture and Heritage

August 2016

New Zealand Government

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

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Te Komihana O Ngā Tari Kāwanatanga



THE TREASURY
Kaitohutohu Kaupapa Rawa



DEPARTMENT of the
PRIME MINISTER and CABINET

Te Tari o Te Pirimia me Te Komiti Matua

Lead Reviewer's Acknowledgement

As the Lead Reviewer for the Performance Improvement Framework (PIF) Follow-up Review for the Ministry for Culture and Heritage (MCH) I would like to acknowledge the open and frank manner in which the staff and leadership team of MCH approached the Review. Their insightful Self-review was enormously useful. This Review also benefited from the insights of a wide range of external partners and stakeholders who are committed to strengthening the role of arts, heritage, culture and sport in New Zealand. I thank officials from the State Services Commission who provided background information, context and advice. I would also like to particularly acknowledge the help and support provided by Avis Macadam throughout the review process.

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Executive Summary

This Review is a follow-up to the 2014 Performance Improvement Framework Review of the Ministry for Culture and Heritage (MCH). It was asked to focus on four key question areas:

1. **Common Purpose.** How well is the common purpose of the Ministry for Culture and Heritage (MCH) articulated for internal and external stakeholders? Do staff, sector agencies and stakeholders understand the common purpose?
2. **Organisational Culture.** Is MCH's work to define and improve its organisational culture on track to deliver tangible results to ensure that it drives the behaviour changes required to achieve the lift in performance? What are the cultural shifts required to deliver on MCH's potential?
3. **Strategy.** How clearly is the strategy and direction of travel for the sector understood across the cultural funded agencies and the wider public sector? How best can MCH maximise the collective impact to deliver on a strategic direction for the sector and its own operations, without dictating operating models for the sector?
4. **Sector monitoring (structure, roles and responsibilities).** Is MCH well placed to achieve the desired change in sector monitoring? What are the shifts MCH needs to deliver compared to the current operating model in order to deliver on 'supporting and reporting for cultural excellence'?

Since the 2014 PIF Review, MCH has experienced change at Ministerial, Chief Executive and senior management levels. Significant reviews to different parts of the business have been completed or are bedding in, such as the Research and Publishing Review, while others like the Funded Agency Monitoring Review, are more recent. A recently completed review of the Ministerial Services function is now in the early stages of implementation. Work on the Cultural Sector Narrative is giving a renewed focus to developing a sector strategy. This, combined with recent appointments of experienced policy generalists, is contributing to a new desire to articulate the cultural sector's value within the government policy settings and outcomes.

Throughout this Follow-up Review two consistent themes became apparent. The first was the need for MCH to develop and transmit a clear view of what drives value in the culture sector. Understanding this core issue will create clarity in any statements of core purpose, will underpin strategy for the sector, will be a powerful enabler of the organisation's culture and will set the frame for effective monitoring of sector performance.

The second was the need for MCH to bring a customer lens to all of its work and activities. This will drive the relationships MCH has not only with sector entities but with central government partners, local government and with the private sector.

Common Purpose. Given the diversity of the work of MCH, a common purpose is hard to articulate. Indeed, it is something that seems to be understood intrinsically but no single individual was able to communicate it cogently. "New Zealand's distinctive culture enriches our lives" seems to best encapsulate a current common purpose value proposition but it is not active and does not describe MCH's intent in the range of actions it undertakes.

When thinking about common purpose the focus should be on what the value is that MCH brings to the sector and how it brings that value. In this regard its purpose could be to 'deliver' the relevant government agencies to the sector, along with important context on government, how it works, its policies and its priorities. It could do this in a policy framework that is centred on identity (in its broadest context; ie, not limited to national identity) and its attendant themes of belonging, connections and story-telling.

Organisational Culture. Formal work on MCH's culture has been somewhat in abeyance as the change in Chief Executive occurred and the final permanent appointments to MCH Leadership Team (MLT) to take place. The work should be reactivated soon and focus on developing a clear story on MCH's place in the world, getting clarity about what gets done and then on how it is done. This will define the culture.

MCH is in anticipatory mode; excited by the prospect of change but waiting to see if substantial change and improvements will eventuate. There is a strong element of goodwill among staff at the moment but it will be important for MLT to articulate changes and future direction to ensure continued buy-in. MLT itself is in transitional mode awaiting appointments of senior management to positions at the second tier. These changes need to bed in quickly to maintain momentum and the impact new leadership brings.

A shift to 'adaptability' is required. MCH sees itself as being 'nimble and flexible'. It is. But it may not be as adaptable as this implies. Adaptability means there is a preparedness to change; that is to work on things that may not have been seen previously as important. It means associated skill sets around prioritisation and rigour in review, commissioning and governance need to be developed. This sees MCH stopping doing some things and doing different things.

MCH needs to work differently to achieve more. This means having more flexible capability that will respond to changes in priorities. There needs to be a preference to be outward facing and to work collaboratively. The most valued work will be co-produced with others. There needs to be a public service ethos, as opposed to a sector representation ethos.

Strategy. The current strategy, which was developed by MCH and signed up to by the sector agencies, is not bought into. It is a key piece of work that defines a valuable starting place for MCH, as it seeks to embark on work to develop a new narrative for the sector. Sector chief executives are ready to engage in a genuine co-creation exercise. Indeed, if the common purpose of MCH is seen as bringing government, the political economy and the definition of public value (and the evidence base to support it) to the sector, then it is the sector itself that needs to write the narrative.

MCH's role in this enterprise will be to articulate the value proposition for the cultural sector and to build the government's story into the narrative. The Government's 'story' is a policy framework with the evidence base to support it. This means that MCH needs to ensure that key government agencies, including Te Puni Kōkiri, Department of Internal Affairs (Local Government, National Library, Archives NZ), Ministry of Foreign Affairs and Trade, Ministry for Business, Innovation and Employment (Tourism), NZ Defence Force, Statistics NZ are brought into the process as partners. This implies that MCH will be much more active in building its networks across government.

More work is needed to articulate a Māori strategy. Such a strategy needs to clearly state what MCH's role is so it is not confused with Te Puni Kōkiri or with Māori themselves. That role is to bring Te Ao Māori and Māori culture to New Zealanders.

Sector Monitoring. The 2014 PIF Review emphasised the need for a shift to a focus on strategic outcomes for the sector. This included the need to shift regulatory oversight and system performance monitoring to one in which clear objectives are set, agents are empowered to act and innovate and are held accountable for outcomes.

There is a willingness inside MCH to lift the game and to take a more strategic approach to the monitoring task; to demonstrate to agencies how the information collected is used and where the value-add is. Sector agencies are looking to see the value-add from MCH's monitoring of them.

MCH's monitoring function needs to pay proportionate attention to entities, relative to their size, the risk profile and performance. It should operate as a 'second level' actor. This means that the operating model in MCH should shift to one that automates as much of the standard monitoring process as is possible and focuses at the strategic, whole-of-system performance level. It should work at the governance level and be focused on outcomes, based on a strong understanding of what drives value. Senior forensic resource should be retained so that MCH can move rapidly and incisively if things start to go wrong in an individual agency. This helps the agency and protects the Minister.

All of this suggests that there is much for MCH to pay attention to. There is. But, having said that it is equally important to state that MCH is well placed to take these next steps. It has an energised, committed and hard-working staff. It is working in a sector whose collective outputs do much to describe our identity as individuals and as a nation. That sector is passionate about what it does and is largely committed to working alongside MCH to better tell the stories of its achievements and to define the value created by its collective activities.

Agency Response

Manatū Taonga – Ministry for Culture and Heritage is pleased to receive this report. We welcome and agree with the findings and recommendations prepared by our reviewers, which closely align with our own analysis. The report's findings provide a strong basis for developing our work, particularly as we head towards reinvigorating our sector strategy and the way we work with sector agencies and other government agencies.

We are grateful for the time and insight that our reviewers have brought to our organisation and work. We also warmly acknowledge the staff and stakeholders who have given up their time to reflect on our work. Their willingness to share their thoughts demonstrates a commitment to the arts, heritage, media and sport sectors that will stand us in good stead as we continue our work.

Our common purpose must focus on what we do...

We have identified a recurring theme in the report that as an organisation we need to be clear in what we bring to the table. We need to develop a common purpose focused on what we contribute, not what the wider sector or culture in general does. This will help guide our role in strategy development and our contribution to the overarching sector outcomes and provide prioritisation for business planning processes.

MCH recognises our place and role as being part of Central Government and that we need to align with key agencies that share our strategic outcomes. We should be clear about the value we offer funded agencies, by simplifying monitoring processes and focusing on being the critical friend and enabling agencies to position themselves and their value proposition within a clear strategic framework. And we must maintain our role in providing assurance to government that agencies deliver on the public investment in their activities.

... and give shape to our organisation's culture

Alongside this we must develop an organisational culture that supports these aims. Our staff are our key asset – enthusiastic about our work and anticipating the changes and challenges in our sector. Our staff are collegial and collaborative, which are great attributes for a sector leadership role and a continued focus on partnering with others. We agree that we need to meet the challenge of moving from being nimble to being adaptable and respond to changing demands, whether Ministerial or customer driven.

We have renewed our focus on our people. A systematic talent management process and coaching programme has recently been introduced and over the coming year we will develop a refreshed workforce strategy that will draw on our rejuvenated common purpose and organisational strategy.

It will give clarity to the role we play in strategy development...

A key message in the report is that for a cultural sector strategy to be effective, it must be developed with, and owned by, the cultural sector agencies. We fully endorse this view and have agreed with the Cultural Agency Chief Executives (CACE) to:

1. Develop a shared framework for talking about and measuring the value that cultural activities create for New Zealanders

2. Collate and analyse the data and evidence we already hold about that value and plan to fill the gaps
3. Explore the strategic opportunities and challenges facing our sector
4. Identify where and how cultural sector agencies can create most public benefit for New Zealanders.

This will place us in a strong position to collectively tell our value and impact story – our narrative. We agree that the narrative is best led by the sector agencies; it is their story to tell. To be influential it needs to speak to both the hearts and minds of decision-makers. MCH is well placed through its policy and evidence capability to lead development of a cultural value policy framework. This will provide a robust context for the narrative and contribute to a strong and refreshed strategy.

... inform how we work with Māori...

Māori culture is distinct and central to New Zealand culture and our work needs to reflect this. We need to identify how we best engage with Māori, iwi and organisations such as Te Puni Kōkiri and agree that our work needs to complement the role of Te Puni Kōkiri. Our work and these relationships can support iwi and Māori cultural aspirations. We increasingly see our role as making it easier for all New Zealanders to access and engage with Māori arts, culture and heritage.

... and with the rest of Central Government...

A key role for us is to provide the link between the cultural sector and its strategy and other government agencies looking for similar outcomes. This is about us finding common ground with a broad range of central government agencies, while ensuring we are clear about our focus. A clear focus means we can collaborate where our strategic aims align, develop relationships across Central Government and build an active network to instil the cultural story across government.

... and demonstrate the value we provide as a monitoring agency

MCH has recognised the need for change in our monitoring programme and is reviewing this function. We are pleased to note that the report agrees we are heading in the right direction, but acknowledge the report's caution regarding the extent of the review. We have seen this ourselves and recently refined the review. The report provides a number of pointers to guide our thinking and approach to this work.

We look forward to engaging in more detail with the findings of this report and identifying how we can best utilise its recommendations. It provides a valuable stocktake of our progress since the 2014 PIF Review and a clear framework for improvement of our work. As an organisation we are enthusiastic about the challenges ahead and welcome the report's insight and guidance.

Paul James

Chief Executive

Context and Scope

MCH's vision is that "New Zealand's distinctive culture enriches our lives".

Culture is important to personal, social, environmental and economic wellbeing, as it contributes to positive outcomes for individuals and communities in a range of areas, including education, health and the economy.

In recognition of the important role a vibrant and diverse cultural sector plays in our society, the Government invests in a range of institutions and activities that focus on developing our sense of nationhood through our stories, our histories and our distinctive heritage.

MCH supports the Government through delivery of policy, legislative, delivery, regulatory, funding and monitoring functions. It administers almost \$400 million each year through Vote Arts, Culture and Heritage and Vote Sport and Recreation. It monitors activities of 15 Crown entities and non-government organisations (NGOs) and supports appointees to their Boards.

Of these the major beneficiaries are NZ on Air, Sport NZ and Te Papa.

Additionally, the sector receives other public funding from the NZ Lottery Grants Board with substantial allocation [currently around \$100 million] to four agencies – Sport New Zealand, Creative NZ, the NZ Film Commission and Ngā Taonga Sound and Vision.

MCH provides strategic leadership across the following sectors and relevant crown entities and non-government organisations.

	Service Provider	Funder	Regulator
Crown entity	Te Papa Heritage NZ NZSO Radio NZ International Radio NZ (through NZ on Air)	NZ on Air Sport NZ Creative NZ NZ Film Commission	Broadcasting Standards Authority Drug Free Sport NZ
NGO	Royal NZ Ballet Ngā Taonga Sound & Vision Antarctic Heritage Trust NZ Music Commission Te Matatini		

MCH's departmental budget for 2016-17 is \$16.915 million. This amount includes funding for Heritage Services, First World War Centenary activities, Policy Advice, Monitoring of Funded Agencies and Ministerial Services, Cultural Diplomacy International Programme and Purchase Advice and Monitoring of Sport and Recreation Crown entities. The funding is focused around delivering a range of services, grants and products including:

- ▶ maintenance of war graves and access to memorials and other places of national significance
- ▶ collection and preservation of oral history and digital stories
- ▶ promotion of cultural events and significant commemorations
- ▶ information on, and communication of, New Zealand and Māori history, society and culture

- ▶ delivery of international cultural diplomacy projects
- ▶ delivery of the First World War centenary operating legacy projects.

Around 130 staff [115 full-time equivalents] are spread across Heritage Services, Cultural Policy, and Corporate Services branches. A proportion of the specialised workforce engaged on multi-year projects, such as the Pukeahu National War Memorial Park, are fixed-term employees. The baseline operating budget will diminish in real terms as these large projects draw to completion and by necessity drive a reconsideration of future workforce requirements.

In 2014 MCH undertook a full PIF Review that identified the performance challenges and set out an ambitious Four-year Excellence Horizon.

Against this backdrop the scope for this PIF Follow-up Review is explicit. The new Chief Executive, now in the post for 10 months, has asked me to focus specifically on the following areas:

- ▶ Common purpose – How well is the common purpose of MCH articulated for internal and external stakeholders? Do staff, sector agencies and stakeholders understand MCH’s common purpose?
- ▶ Organisational Culture – Is MCH’s work to define and improve our organisational culture on track to deliver tangible results to ensure that it drives the behavioural changes required to achieve the lift in performance? What are the cultural shifts required to deliver on MCH’s potential?
- ▶ Strategy – How clearly is the strategy and direction of travel for the sector understood across the cultural funded agencies and the wider public sector? How best can MCH maximise the collective impact to deliver on a strategic direction for the sector and its own operations, without dictating operating models for the sector?
- ▶ Sector monitoring (Structure, Roles and Responsibilities) – Is MCH well placed to achieve the desired change in sector monitoring? What are the shifts MCH needs to deliver compared to the current operating model in order to deliver on “supporting and reporting for cultural excellence”?

This report sets out my findings in these areas and re-sets the Performance Challenge within MCH’s current context and operating environment.

The Performance Improvement Story So Far

Since the 2014 PIF Review, MCH has experienced change at Ministerial, Chief Executive and senior management levels. Significant reviews to different parts of the business have been completed or are bedding in, such as the Research and Publishing Review, while others like the Funded Agency Monitoring Review are more recent. A recently completed review of the Ministerial Services function is now in the early stages of implementation. Work on the Cultural Sector Narrative is giving a renewed focus to developing a sector strategy. This, combined with recent appointments of experienced policy generalists, is contributing to a new desire to articulate the cultural sector's value within the government policy settings and outcomes.

Progress since the 2014 PIF has been limited in the focus areas identified for this Follow-up Review. The current sense of transition within MCH is relatively recent and is in large part owing to a new Chief Executive, appointed in 2015, bringing new energy and focus to the organisation. Within the organisation and amongst external stakeholders there is a feeling of anticipation and optimism tempered with a wait-and-see attitude.

Throughout this Follow-up Review two consistent themes became apparent. The first was the need for MCH to develop and transmit a clear view of what drives value in the culture sector. Understanding this core issue will create clarity in any statements of core purpose, will underpin strategy for the sector, will be a powerful enabler of the organisation's culture and will set the frame for effective monitoring of sector performance.

The second was the need for MCH to bring a customer lens to all of its work and activities. This will drive the relationships that MCH has, not only with sector entities but with central government partners, with local government and with the private sector.

Common Purpose

How well is the common purpose of MCH articulated for internal and external stakeholders?

In short, the common purpose is not well articulated and there has been limited progress since the 2014 PIF Review. There is a sense that MCH knows what it is doing but it isn't codified in any way. There is no smart collateral that lays it out and communicates both internally with MCH staff and externally to the wider sector (including other government agencies). In this regard an example shared by the Film Commission showed how effectively its crisp visual one-pager has provided clarity of direction and galvanised staff around the agency's common purpose.

Staff are largely working it out for themselves loosely organising around the high-level aspirational visioning statement: "New Zealand's distinctive culture enriches our lives". There is nothing that helps differentiate and prioritise for cumulative and collective impact. There is, for example, no landing on how much MCH is fostering cultural enrichment itself and how much it is enabling the entities.

Externally, people can see that this is a hard thing to articulate.

Key Findings

In the interviews held throughout the Review process there was an implicit assumption that people understood intrinsically the common purpose of MCH. However, no individual was able to communicate it cogently.

“New Zealand’s distinctive culture enriches our lives” seems to best encapsulate a current common purpose value proposition but it is not active and does not describe MCH’s intent in the range of actions it undertakes. As was the case at the time of the 2014 PIF Review, while staff appear to be motivated by a broadly shared sense of purpose about why their work matters, this tends to be at an individual or team level rather than based on a clear understanding of how their work contributes to the organisation’s purpose and priorities.

It is not enough to rely on the passion of committed staff to substitute for an articulation of common purpose; in these circumstances advocacy runs the risk of overtaking analysis and advice.

Do staff, sector agencies and stakeholders understand MCH’s common purpose?

In MCH’s 2015 Engagement Survey the rating on questions relating to common purpose were generally lower than the Comparable Work Places Median and in some cases well below the Best Work Places Median. In response to the question: *This organisation has a clear vision of where it’s going and how to get there*, 58 per cent of staff responded favourably compared with 59.7 per cent in the 2013 Engagement Survey. This indicates there has been no improvement between 2013 and 2015.¹

The unwritten commitment at a team and individual level remains a feature of MCH but only in recent times does there seem to have been further focus on creating an organisational understanding. This aligns with the initiatives of the new Chief Executive, including the work to develop the Cultural Sector Narrative, the identification of five action areas and a more conscious effort to break down barriers through a more collective and visible Ministry Leadership Team, for example, *Ask Away* sessions.²

External stakeholders don’t really see the ‘common purpose’ at all. It is only relevant to them if it becomes a part of any future sector narrative or strategy.

Key Findings

Common purpose and the sector narrative are crossing over in the minds of many in MCH. They are different. Common purpose is essentially about MCH and its people. This work needs to be completed quickly, with the understanding that it will evolve. The understanding of what the purpose of MCH is will have a large impact on the way in which the culture narrative project is run, on what it says and how (and by whom) it is presented.

When thinking about common purpose, the focus should be on what the value is that MCH brings to the sector and how it brings that value. Its purpose could be to ‘deliver’ the relevant government agencies to the sector along with important context on government, how it

¹ 2015 Engagement Survey Results for MCH, <http://intranet.mchdomain.mch.govt.nz/resource/engagement-survey-ministry-results> (accessed 24 May 2016).

² *Ask Away* sessions are an informal question and answer forum for staff to raise issues with MCH Leadership Team. They began in late 2015.

works, its policies and its priorities. It could do this in a policy framework that is centred on identity (in its broadest context; ie, not limited to national identity) and its attendant themes of belonging, connections and story-telling.

This means engaging staff in a process to define mission for the organisation in a simple but compelling manner. This is not something that can be hatched by the communications function alone. This is a separate process from the sector narrative. Common purpose statements inside the organisation are for it. Any common purpose for the wider sector will be reflected in outputs from the sector narrative project. Over time these two processes are iterative.

Organisational Culture

Is MCH's work to define and improve its organisational culture on track to deliver tangible results to ensure that it drives the behavioural changes required to achieve the lift in performance?

In preparing for the 2014 PIF Review, MCH's 2013 Self-review found there was a general sense within the organisation that its values and culture are an organisational strength. It also observed that, at the time, there were two distinct cultures existing within MCH: one within the Heritage Services Branch and a second in the Cultural Policy Branch, Corporate Services and Office of the Chief Executive, exacerbated by the physical layout in ASB House across several floors. This has not significantly changed. Furthermore, the arrangement of staff across the floors of the new offices in the Old Public Trust Building, continues to reinforce existing silos.

Results from MCH's Engagement Survey in 2013 showed there was a firm foundation to build upon but highlighted two areas of focus:

- ▶ developing a common vision and purpose to unite staff into feeling that "we're all in this together and the future is bright"
- ▶ staff development and performance management.

In her introduction to the 2014 PIF Review, Lead reviewer Dame Paula Rebstock stated that to meet its performance challenge, MCH would need to "undertake a period of concerted institution building so that performance of individuals is backed by sound organisation wide systems and capabilities". She identified a number of issues in the Organisational Management section including:

- ▶ workforce planning
- ▶ skill gaps in project management, specialist policy skills (including Māori) and financial management
- ▶ talent management.

These themes observed in the organisation's 2013 Self-review and in the PIF Review itself largely hold true today.

The culture of MCH is very supportive, friendly, not cynical and celebrates success. People know each other and what they are doing. On the down side some parts of MCH experience a strong expectation to work long hours, especially to meet demands and deadlines. There is some consequent fragility in the workplace with the goodwill of many staff being tested.

Internal communication is improving with the Ministry Leadership Team increasing its internal visibility, although what actually goes on there is still somewhat opaque. That is, the staff are really keen to understand the big issues facing MLT and want to hear more regularly from them about these. There is a flat structure and easy access across the layers, including to the Chief Executive.

There is an urgent need to get disciplines around programme management established for MCH's internal work programmes. There is no clear decision framework. Resource reallocation does not often happen, even informally.

The policy – operations divide has shifted over time. Heritage operations and policy teams work together on common projects. It's a lot less siloed than it was, with much more acceptance on the need to work in a joined-up fashion. Overall though, more work is needed to overcome the sense of disconnect some staff still experience between the policy side of the house and those engaged in the 'doing' for more operational activities.

Key Findings

Formal work on MCH's culture has been somewhat in abeyance as the change in Chief Executive occurred and the final permanent appointments to the Ministry Leadership Team (MLT) take place. The work should be reactivated soon and focus on developing a clear story on MCH's place in the world, getting clarity about what gets done and then on how it is done. This will define the culture. Culture, common purpose and the narrative/strategy are strongly linked.

What are the cultural shifts required to deliver on MCH's potential?

There has been an ongoing 'professionalisation' of the policy function in MCH in response to the 2014 PIF Review. The Cultural Policy Branch has employed a number of high-level policy generalists (as recommended in the 2014 PIF), created mixed teams of generalists and sector specialists and developed a graduate programme. The Research and Publishing Review has been completed and implemented since the 2014 PIF Review. As a group, the Research and Publishing teams are working more collaboratively, have developed a shared work plan, and are moving towards articulating a sector leadership role.

MCH is in anticipatory mode; excited by the prospect of change but waiting to see if substantial change and improvements will eventuate. There is a strong element of goodwill among staff at the moment but it will be important for MLT to articulate changes and future direction to ensure continued buy-in. MLT itself is in transitional mode awaiting appointments of senior management to positions at the second tier. These changes need to bed in quickly to maintain momentum and the impact new leadership brings.

MCH remains a small agency with limited staff progression opportunities. Since the 2014 PIF Review, MCH has adopted a strategy (proactive organisational development) of placing a greater focus on career coaching and individual development, starting at the third tier management level.

The new Chief Executive is perceived as a strong leader with good inter-personal skills contributing to a 'refreshed culture' and a more unified workplace. Openness and improved communication across MCH are being actively encouraged. Increased development opportunities are also identified as contributing to a better working culture.

MCH's demographic profile has suffered since the 2014 PIF Review, particularly in relation to ethnicity. There is a project under way to look at how MCH can address its diversity issues as part of its recruitment processes.

A big part of the present culture sees the operational problems in the organisation owned at the highest level. This means that issues that should be resolved at tier 3 or below that end up being escalated. This results in a lack of autonomy and decision-making responsibility and means that the senior leadership is focused at far too an operational level. Shifting this needs firstly, clarity for staff on how their work is connected to strategic outcomes and secondly, a performance and development system that expects people to take responsibility for their work.

There has been a push to be more proactive and strategic but in some ways MCH has lost ground on this over the last couple of years. Big projects, such as Pukeahu and WW100 (New Zealand's centenary of the First World War), have demanded attention. MCH is good at setting up new projects and 'doing' but is not so good at finishing or transitioning. So, for example, what happens after WW100 is completed?

Prioritisation needs to happen. There is often not a clear sense of why things are done, what MCH should do and what it should stop doing. The implications of longer-term resourcing has sometimes not been thought through, for example, the implications of maintaining Te Ara as a digital product. People are nimble and will move rapidly from one project to another. Indeed, this responsiveness and preparedness to take things on is a central pillar of the MCH culture. What is needed though is a workforce that is adaptable and will respond to changes in Ministerial priorities without being overwhelmed by them.

MCH needs to emphasise people being multi-skilled so that they can work in a number of areas. It also needs to think much more about accessing resources from elsewhere (Justice and Te Puni Kōkiri for iwi histories, Te Papa for Te Ara, Ministry for Business, Innovation and Employment for events and events management).

Key Findings

A shift to 'adaptability' is required. MCH sees itself as being 'nimble and flexible'. It is. But it may not be as adaptable as this implies. Adaptability means there is a preparedness to change, ie, to work on things that may not have been seen previously as important. It means associated skill sets around prioritisation and rigour in review, commissioning and governance need to be developed. This sees MCH stopping doing some things and doing different things.

MCH needs to work differently to achieve more. This means having more flexible capability that will respond to changes in priorities. There needs to be a preference to be outward facing and to work collaboratively. The most valued work will be co-produced with others. There needs to be a public service ethos as opposed to a sector representation ethos.

As well as the behaviour shifts outlined above, delivering the shift in culture also requires some organisational architecture:

- ▶ A workforce strategy
- ▶ Systematic talent management
- ▶ Career pathways.

Workforce strategy. MCH is a small Ministry with all of the problems that entails. The workforce strategy is difficult to identify and probably now not relevant. Much more could be done to develop and enable staff. Forming the 'best teams' and giving people across MCH the opportunity to do new and different things in new ways could aid in using resources more efficiently and effectively but also have positive spin-offs for the internal culture of MCH. This work needs to be led from the top if it is to get traction in the organisation.

Systematic talent management. A systematic talent management system is being implemented at MCH, coupled with a shift in the focus of performance management to an ongoing 'coaching for success' intervention. All of this is linked to the State Services Commission's (SSC's) talent management system. The workforce strategy will be refreshed in the next 18 months. In the interim, a rolling needs analysis conversation, linked to recruitment, will run in MCH.

Career Pathways. Not a lot has been done as yet on career pathways for staff. The plan is to leverage off the talent management process as this is established in MCH. A broader view of pathways, encompassing the whole sector, will be taken.

Strategy

How clearly is the strategy and direction of travel for the sector understood across the cultural funded agencies and the wider public sector?

The Cultural Sector Strategic Framework 2014–2018, developed by MCH since the 2014 PIF Review, sets out five sector priority areas or 'shifts':

- ▶ Fostering inclusive New Zealand identity
- ▶ Supporting Māori cultural aspirations
- ▶ Front footing transformative technology
- ▶ Improving cultural asset sustainability
- ▶ Measuring and maximising public value.

These priority areas have not been well understood or embraced by the sector, with little dissemination beyond the level of sector agency chief executives. The cultural sector has asked for leadership and strategic direction from MCH and while the framework attempted to deliver this, it was in effect applied by MCH rather than developed collaboratively with the sector.

How the framework is applied has changed since its implementation. Initially, attempts were made to group all MCH and some agency workstreams into a priority area. It was evident that the shifts were so broad that any work could be slotted into at least one area. A common criticism of this approach was that it did not provide a means for prioritising the work across different sector areas; the shifts provided a useful lens to view activity but created further silos. There was no way to review the relevant priority of work in one area against work in another. Nor was it seen as a way of prioritising agency work or being able to shift funding across agencies and portfolios.

The cultural sector narrative needs to be a living document. There are different understandings of what this document is, or is going to be, across MCH.

Some in MCH are seeing the narrative as a solution that is delivered to them, rather than something in which they actively participate and own. The involvement of staff in the development of a new sector narrative will improve line of sight. Staff are keen to be involved in this work and the development of any strategy that comes from it. There are a lot of expectations on the Chief Executive both inside MCH and in the broader sector.

There is a huge opportunity for MCH to build strategic partnerships within it and across the sector around Treaty commitments that deliver on cultural redress. Telling and co-creating stories around issues like Treaty settlements, for example, has the potential to shift the way New Zealanders interact and view their history and the Aotearoa-New Zealand national narrative. In this MCH can be part broker and pivotal partner leveraging off relationships forged by funded agencies, such as Heritage New Zealand and Te Papa.

MCH needs to be clear about its value proposition to iwi and the wider role it can play in responding to Māori cultural aspirations. There are connecting sector strategies and points of influence for MCH across government and with sector agencies, in particular, through its post-settlement 'taonga' protocols and its connection to key sector agencies, for example, the Office of Treaty Settlements, Te Puni Kōkiri, Department of Internal Affairs, Department of the Prime Minister and Cabinet, Department of Conservation and Ministry of Education.

In particular, the relationship of MCH with Te Puni Kōkiri needs to lift significantly. The two organisations need to get a perspective on their respective focus areas, where they can add value to each other's work and what synergies they can create. This will need close attention by the leadership teams of the two organisations.

Key Findings

The current strategy, which was developed by MCH and signed up to by the sector agencies, is not bought into. It is used internally by staff to retrofit their work into a framework at performance review time. It is undervalued and is actually a key piece of work that defines a valuable starting place for MCH, as it seeks to embark on new work to develop a narrative for the sector. Sector chief executives are ready to engage in a genuine co-creation exercise.

The Māori context is poorly articulated and under-resourced. There is not a clearly articulated strategy for MCH. Such a strategy needs to clearly state what MCH's role is so that it is not confused with Te Puni Kōkiri or with Māori. The role is to bring Te Ao Māori and Māori culture to New Zealanders. It is not to 'protect' Māori culture. But, after all is said and done, it is Te Ao Māori that lends distinctiveness to the New Zealand culture.

How best can MCH maximise the collective impact to deliver on a strategic direction for the sector and its own operation, without dictating models for the sector?

MCH needs to get the support of the sector to deliver anything in the strategy area that is going to get traction. This will be difficult. The process of development of the narrative/strategy is as important as the narrative/strategy itself; it's all about relationships.

The monthly meetings of culture sector chief executives (CACE) is valued. Chief executives who would have found reasons to avoid the meeting are now attending. It is starting the dialogue on the sector narrative. The group has a collegial style and creates a safe place for sector chief executives to talk. It also provides an opportunity for MCH's Chief Executive to provide context from a Central Government/Ministerial perspective. MCH needs to be thinking about trends, future challenges and opportunities for the sector and should be using

this thinking to inform the engagement MCH's Chief Executive is having with sector chief executives.

MCH's Chief Executive is respected. That said, there is still a degree of substituting going on, so this meeting is not yet a 'must do'. The group is big and disparate and the threads that bind them are relatively weak. There is no corresponding vehicle to CACE at tier 2 to ensure the intent of chief executives actually gets traction in the sector agencies. In fact, generally, tier 2 is invisible. The culture sector entities are, by and large, mystified by the policy process. The system is very hard to navigate. Information does not necessarily flow through MCH but through the personal networks of individual chief executives.

Any 'narrative' that is built is likely to be a series of stories, rather than one big thing. There are five key points that need to be considered in the development and subsequent communication of the cultural sector narrative:

1. For the purposes of getting started, the core cultural sector is defined as MCH and the 15 funded agencies.
2. But there are other government agencies that have important roles in the 'cultural sector'. These agencies need to be brought into the process as partners sooner rather than later. They include, Te Puni Kōkiri, Department of Internal Affairs, Statistics NZ, Ministry for Business, Innovation and Employment, Ministry of Education, Treasury, NZ Defence Force and Ministry of Foreign Affairs and Trade. For example, the digital strategy and result 10³ are critical to future cultural expression, the National Library and Archives NZ are important cultural institutions (part of the Department of Internal Affairs); Te Puni Kōkiri plays a hugely important role in the cultural expression of Maori; getting the evidence base assembled and targets, measures and indicators in place needs the expertise of Statistics NZ and the Integrated Data Initiative.
3. The importance of local government as both a participant and funder in the cultural sector is manifest. In fact local government's contribution is the dominant one and critical to sector sustainability. Attention needs to be given to them.
4. The narrative will develop over time in a variety of ways – it will be emergent in fashion, so all players in the sector will be able to see the value for themselves in it, as well as the benefits that come from a coherent approach.
5. Communications of the strategy/narrative is the key. The success of telling the story will be dependent on the degree of participation by sector participants in sharing the story they have co-created.

Resource availability is always going to be challenging for a project such as this, which takes people away from the urgency of what needs to be delivered today. The team driving this work could take the opportunity to make a virtue of necessity and seek to build a team that includes people from sector agencies (including cultural agencies, central government agencies and local government). If a co-production ethos is driven, then genuine sector ownership will emerge. Further to this, communication of the various outputs from this work should be networked across the core sector agencies. As different forms of collateral are

³ <http://www.ssc.govt.nz/better-public-services>.

Better Public Services, one of the Government's priority areas, is about achieving results that make a difference to New Zealanders. Result 10 is about New Zealanders completing their transactions with government easily in a digital environment.

envisaged to communicate the narrative/strategy, the obvious strengths of different parts of the sector could be used to achieve this.

MCH could model the 'future state' of a post-narrative world by taking advantage of opportunities that present themselves. One such opportunity is the Landmark project, which seeks not only to preserve physical historical sites but also the stories and human histories that are attached to them. A pilot project has been started in Northland. This is seeing a collaboration emerge between Department of Conservation, MCH and Heritage New Zealand. This is a significant leverage opportunity for MCH and will impact the story that is told in the sector narrative. It creates an opportunity inside MCH to take a 'best teams' approach, drawing expertise from across MCH and across participating agencies.

Key Findings

MCH could do much to manage the asymmetries of power that exist in the highly devolved culture system. Access to the Minister is mostly with government agencies, not with the sector entities. MCH needs to bat for the entities and the entities need to build the confidence of MCH. This is not about MCH lobbying on behalf of entities. It's about MCH giving advice and support to entities on how best to put a case to, or to approach, the Minister. For example, help on the development of business cases; approaches to mounting budget bids and so on.

If the common purpose of MCH is seen as bringing government, the political economy and the definition of public value (and the evidence base to support it) to the sector, then it is the sector itself that needs to write the narrative.

The Cultural Agencies Chief Executive Group (CACE) is increasingly valued by sector agency chief executives. CACE needs to take ownership of the narrative and reflect it in a way that it's seen to come from the whole sector, not as a policy document MCH has developed in consultation. This means that the work needs to be presented as a project that is going to be useful to sector agencies and that they are going to derive individual benefit from. Communication of the 'narrative' is a task in which communications professionals from across the sector should be engaged. This is a complex task as there are a range of audiences for this material (sector players, government agencies and Ministers, citizens, politicians both local and central).

MCH's role in this enterprise will be to articulate the value proposition for the cultural sector and to build the Government's story into the narrative. The Government's 'story' is a policy framework and the evidence base to support it. This means that MCH needs to ensure that key government agencies, including Te Puni Kōkiri, Department of Internal Affairs (Local Government, National Library, Archives NZ), Ministry of Foreign Affairs and Trade, Ministry for Business, Innovation and Employment (Tourism), NZ Defence Force, Statistics NZ are brought into the process as partners. This implies that MCH will be much more active in building its networks across government.

Sector Monitoring – structure, roles and responsibilities

Is MCH well placed to achieve the desired change in sector monitoring?

The 2014 PF Review emphasised the need for a shift to a focus on strategic outcomes for the sector. This included the need to shift regulatory oversight and system performance monitoring to one in which clear objects are set, agents are empowered to act and innovate and are held accountable for outcomes. There is still not a landing on how people are finally going to be arranged in the monitoring function, this awaits the completion of the Funded Agency Monitoring Review. People doing this work are spread about MCH. Accountabilities are not crisp and expectations are not well set.

That review is now at a critical milestone. On its current track the Monitoring Review risks recommending a monitoring mechanism that will be demanding to maintain both from a skills and affordability perspective. Risk and change appetite have to be judged; the sector needs to be brought into the conversation; Ministers will need to be engaged.

A common complaint from monitored agencies is the constant turnover of MCH staff that they have experienced. Generally, they prefer a relationship with one individual, who over time builds up an understanding of their business and with whom trust develops. This is indicative of a monitoring focus that is too far inside the operational business of the entities and not focused on the achievement of outcomes and the things that drive value and risk.

At the governance level not much is happening in the monitoring space. Nothing is happening formally at the Chair/strategic level. In other words, the monitoring system is not being driven from the top to ensure a strong focus on outcomes. The mechanisms around Board appointments, succession planning and so on are under control. There's a lot happening at the moment with Heritage NZ but that is driven by the Monitoring Review and the appointment of a new Chief Executive etc.

The challenge is a capability and capacity one. Professionalisation of the policy function is in progress but there may not be enough core monitoring skill. It is important to recognise that policy and monitoring competencies are different and that policy people do not always have monitoring skills.

Because of the current distributed nature of the monitoring function, no one person has the ability to direct all of the activity undertaken. This makes implementation of the operating model difficult.

Monitoring needs to shift from a compliance model to a value-add model. There is not a system-based outcomes-focused approach.

Key Findings

Yes, MCH is well placed in the sense that it is currently engaged in a review of the function. It knows there is an issue and that it needs to take a more strategic approach. No, it is not well placed in the sense that its review is large and complex and may well lead MCH to a model that is not affordable.

There has been some pragmatism in the approach to reporting required to support the MCH monitoring activity. This is good but needs to be tempered with the understanding that bespoke pragmatic arrangements for all 15 entities is probably not sustainable. However, if

this pragmatic experimentation leads to, for example, common dashboards and reporting arrangements, it is certainly worth pursuing with vigour.

There is a willingness within MCH to lift the game and to take a more strategic approach to the monitoring task; to demonstrate to agencies how the information collected is used and where the value-add is. Sector agencies are looking to see the value-add from MCH's monitoring of them.

What are the shifts MCH needs to deliver compared to the current operating model in order to deliver on: “supporting and reporting for cultural excellence”?

To lift the game here, there needs to be a shift in the way the monitoring function is carried out. The audit and monitoring capabilities in the sector at agency level need to be recognised and leveraged. All the agencies are subject to independent audit. Much could be done at the operational level to establish dashboards that work for the agencies.

MCH should retain a senior monitoring and audit function that is able to go into an organisation forensically if there is trouble or if an agency requests help. That would then enable resource to be diverted to the more proactive, strategic area of the accountability relationship, focused at the governance level. All of this would help drive cohesion across the sector agencies. It would also tacitly acknowledge that Boards are appointed for a reason and have accountabilities to discharge.

Key Findings

MCH's monitoring function needs to pay proportionate attention to entities, relative to their size, the risk profile and performance. It should operate as a 'second-level' actor. This means that the operating model in MCH should shift to one that automates as much of the standard monitoring process as is possible and focuses at the strategic, whole-of-system performance level. It should work at the governance level and be focused on outcomes, based on a strong understanding of what drives value. Senior forensic resource should be retained so that MCH can move rapidly and incisively if things start to go wrong in an individual agency. This helps the agency and protects the Minister.

There is currently a mixed model within MCH with some mixing of monitoring and policy roles. This needs to be considered in light of the suggestions above. It may be that specific skills are retained in a monitoring team to drive the governance relationships and to provide 'head of profession' skill. Basic monitoring against the statements of intent could be networked but with considerably more of this function automated.

MCH's role is to advise and support Ministers, not to lobby them on the sector's behalf. It can play a vital role in helping sector agencies approach and have the right conversations with Ministers. It can also help them develop robust business cases that are cognisant of the need for government to prioritise across competing demands, when bids for additional funding are being mounted.

The Four-year Excellence Horizon

The overall performance challenge articulated in the Four-year Excellence Horizon from the 2014 PIF Review remains relevant to MCH today. The key elements of that challenge are reproduced here.

MCH was asked to:

- ▶ maintain a longer-term strategic focus, using a collaborative operating model based on a shared vision of what the sector needs to achieve. A strategic view grounded in strategic priorities will require MCH to deepen its policy capability, bringing generic policy capability alongside deep subject matter expertise. It may be useful to think about what a Better Public Services target for the sector would look like, driven by evidence based policy
- ▶ improve responsiveness to Māori and iwi. Māori culture is a point of difference and defining feature of New Zealand culture. The value of Māori art and culture needs to be articulated and its performance value should be reflected in a strong brand
- ▶ develop a portfolio approach; move from intuitive to intentional; responsive to proactive; comfortable to disruptive; tentative to confident, well-meaning to expert, institutionally focused to systemically focused. Collective effectiveness can be enhanced if the scale, scope and goals of the cultural sector are clear in five to ten years' time. The performance of the culture portfolio through time should be transparent
- ▶ find new operating models as technology changes and the challenges of increased demand outstrip State-sponsored cultural product funding. The voice of the customer is a vital input to the operating model and there should be strong ongoing feedback loops in the system
- ▶ deliver on longer-term stewardship. The rationale for the Government's priority given to arts, culture, heritage and sports should be articulated. Valid public benefits from art, culture and heritage exist in their own right, alongside the economic or social benefits. Research is necessary to assist the understanding of the role of culture in New Zealand. Information on what New Zealanders want and need from their culture is important to guide sector investments, as is an overview of the sector as a whole. It is part of MCH's role to articulate the intrinsic value of culture
- ▶ support a clear, focused strategy for the sector, with improved fora (such as the Heritage Forum and the Cultural Agency Chief Executives group) for cross-sectoral alignment, including agenda setting, cross agency delivery and accountability
- ▶ develop its approach to regulatory oversight and performance monitoring, such that the amount of involvement is based on experience and track record. A typical tight, loose, tight model is preferred. Set clear objectives, empower agents to act and innovate and hold them accountable for outcomes
- ▶ undertake a period of concerted institution building so that the performance of individuals is backed by sound organisation-wide systems and capabilities.

If this performance challenge is met then MCH will:

1. Be the acknowledged leader in articulating the intrinsic value of arts, culture and heritage, as well as the instrumental value of these, and that the key messages are accepted and promulgated by key players in the sector. MCH is led by a cohesive, high-performing leadership team that has a robust understanding of how the agency contributes to core Government priorities. The leadership team has empowered staff to deliver on its priorities
2. Have articulated a clear strategic direction for the sector and for its own role within it that is accepted by Government and the sector. It has a focused work programme for the agency. It is able to articulate the trade-offs and provide advice on how best to invest limited government funding in a diverse sector. It has strong relationships with other government agencies, based on a shared policy framework
3. Be the acknowledged leader in the collection and use of research and data in the sector, which enables measurement frameworks supporting points 1 and 2 above and provides the basis on which to ensure that its monitoring function adds value by moving from compliance mode to performance enhancing monitoring
4. Lead cross-sectoral alignment and efficiency both within its sector and more broadly to deliver effectively coordinated interventions where multiple stakeholders are involved. Clear, focused strategy is developed collaboratively with the sector, including agreed shared outcomes and a set of measurable, medium-term sector results, clear targets and milestones and a joint sector work programme. The sector is empowered to build long-term resilience and sustainability and, as a consequence, is less reliant on government funding
5. Have the capability, structures and strategies in place to engage appropriately with iwi, hapū and whānau in a post-settlement era. Māori performance brands are well established and supported
6. Have a strategic approach to maximising access to public sector content in the digital environment, breaking down silos that currently prevent optimal policy development
7. Be resourced to be an agile and effective leader of special strategic projects and service delivery functions where the intervention logic for this is clear. Strong programme and project management practice is consistently applied. MCH is recognised for its review and evaluation capability.

Conclusion: What Might the Next Performance Challenge be?

In suggesting the next performance challenge, this section talks about what needs to be achieved by MCH in the four focus areas of this PIF Follow-up Review.

Common Purpose

The mission of the organisation is clearly defined in a way that creates clarity and line-of-sight for staff in their work and allows external actors to understand what drives the work of MCH.

Any purpose statement articulates the value MCH brings to the sector and how it brings that value.

Organisational Culture

MCH's staff are adaptable, responsive to shifting priorities and driven by a strong public service ethos.

Staff are outward facing, collaborative and strongly motivated by defined outcomes for the sector.

MCH develops and manages talent for the broader sector as much as it does for itself.

Strategy

The Ministry brings a customer lens to all of its work and activities. This means that it delivers to the public by working collaboratively and through others with operational responsibility for delivering the 'stuff' of the culture and heritage sector.

A sector narrative has been developed and communicated, largely by the sector entities.

MCH, working with colleagues across Central Government, has defined the value drivers for the cultural sector within a policy framework, supported by robust evidence, which is used by the sector, government and local government agencies alike.

The policy framework is used in MCH to respond effectively to Ministerial priorities, to stop work in areas where public value has already been created and to steward the longer-term needs of the cultural sector.

Sector Monitoring

MCH oversees the performance of entities in the sector by focusing on their contribution to sector outcomes.

Performance is monitored by a light-touch approach that is enabling for the entities but able to identify issues early and rectify them rapidly.