

**For discussion
on 21 February 2001**

EC(2000-01)34

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

**HEAD 146 - GOVERNMENT SECRETARIAT:
EDUCATION AND MANPOWER BUREAU**
Subhead 001 Salaries
Subhead 007 Job-related allowances

Members are invited to recommend to Finance Committee the retention of the following supernumerary post in the Education and Manpower Bureau up to 31 October 2003 to enable the continued secondment of a suitable officer to the Vocational Training Council –

1 Senior Principal Executive Officer
(D2) (\$116,650 - \$123,850)

PROBLEM

As part of the efforts to follow through its strategic and organisational reforms, the Vocational Training Council (VTC) needs additional support at the senior directorate level to enhance VTC's management capability. The existing supernumerary Senior Principal Executive Officer (SPEO) post, which enables a directorate officer to be seconded to the VTC for this purpose, is due to lapse on 30 April 2001.

PROPOSAL

2. The Secretary for Education and Manpower (SEM) proposes to retain the supernumerary SPEO post for two and a half years up to 31 October 2003 to enable the continued secondment of a suitable officer to the VTC as its Deputy Executive Director (Corporate).

/JUSTIFICATION

JUSTIFICATION

Strategic and Organisation Review of the VTC

3. To ensure that the VTC delivered its services efficiently and in a cost-effective manner, in 1996 SEM commissioned a consultancy firm to review the strategic direction of the VTC and the systems and procedures for delivering its services, etc. The consultancy report concluded that the VTC could have been more responsive to changing service demands and more flexible in its service delivery. The consultants recommended that the VTC should implement a reform to strengthen its management capacity. Specifically, the VTC should create a third Deputy Executive Director post and redistribute some of the duties of the two existing Deputy Executive Directors. The proposed reform aimed to strengthen VTC's capabilities to meet changing service needs, enhance its strategic planning capacity, develop a quality strategy, as well as enhance VTC-wide functions like financial and personnel management, marketing and public relations.

Implementation of the reform

4. To take forward the consultancy recommendations, the VTC decided that in implementing the reform, priority should first be given to strengthening its capacity in strategic planning and quality audit. In January 1998, the VTC appointed a consultant to oversee these two areas, and to assist in steering through a series of academic reforms to enhance the quality and efficiency of service delivery. Over the past three years, the VTC has completed a curriculum development exercise to unify and rationalise all vocational education courses. The former Technical Colleges and Technical Institutes have been combined to become one entity, the Institute of Vocational Education. The new academic structure allows greater cohesion in course provision and facilitates the introduction of quality audit and control. The academic reforms had largely been completed upon expiry of the consultant's contract in January 2001.

5. At the same time, the VTC has introduced a unified pay scale and a three-year strategy to enable more extensive use of information technology in both teaching and learning. As regards the reforms in industrial training, courses and programmes for which demand is low have been phased out. More training programmes in information technology have been introduced.

Next phase of the reform

6. In mid-2000 the VTC had an interim review of its reform and considered that for the next phase of its reform it needed to focus on enhancing its

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capacity for managing changes in service needs, as well as on internal administration and staff management. The fast changing manpower needs of a knowledge-based economy required the VTC to be more proactive in external service delivery, as well as in its staff development programmes, so that it could facilitate its staff in constantly upgrading themselves and cultivate among them a more proactive service culture. After a review of its senior management structure and the lines of accountability, the VTC concluded that further improvements were necessary, particularly in the following areas -

- (a) Management effectiveness: a clear system for devolution of decision-making powers was necessary to enhance management effectiveness and establish clear lines of accountability;
- (b) Guidelines and procedures for procurement of services: there were separate tendering systems for procurement of construction contracts and other supply items. The VTC considered that a unified set of procedures should be introduced and that the present structure of tender boards should be reviewed; and
- (c) Senior management structure: as recommended in the 1996 review, the VTC was in need of a dedicated Deputy Executive Director to steer and oversee the various VTC-wide functions, including finance, public relations, human resource management, staff relations, property management and other central support services.

The Third Deputy Executive Director

7. Accordingly, the VTC decided to create a new Deputy Executive Director post to oversee the VTC's corporate development. The new post is pitched at the same rank as that of the other two existing Deputy Executive Director posts, which is equivalent to the civil service directorate rank of D3 (\$127,900 - \$135,550). The main responsibilities of the new Deputy Executive Director (Corporate) are to -

- (a) support the Executive Director in the day-to-day administration and initial formulation of management policies which affects the entire Council; and
- (b) introduce measures which can give the VTC good corporate governance, notably in respect of strategic and financial planning, budgetary control, devolution of authority, procurement, management of property, public relations, human resources development and staff relations.

8. The organisation charts showing the past senior management structure of the VTC and the new structure are at Enclosures 1 and 2 respectively. The duty list of the new Deputy Executive Director (Corporate) post is at Enclosure 3.

Secondment of a Civil Servant

9. The VTC senior management had initially tried to identify suitable candidates to fill the new Deputy Executive Director (Corporate) post. Its assessment was that no suitable candidate from within the VTC possessed the depth and breadth of experience to be promoted to the new post at this stage. Having regard to the immediate work priorities and skills required of the post, the VTC considered that an officer with extensive public sector experience in financial and human resource management was required and had therefore requested the Administration to second a senior officer to the organisation to take up the post for an initial period of six months to evaluate the existing management structure and to draw up a work plan for corporate development. A short-term (six-month) secondment was opted for in the first place as it would give VTC the opportunity to establish whether in practice the creation of a Deputy Executive Director (Corporate) post would indeed provide a better management structure, and on that basis decide whether the post should exist on a permanent basis.

10. On this basis, an SPEO has been seconded to the VTC from the Government to take up the post from 1 November 2000.¹ The officer has completed a preliminary assessment and recommended the creation of the Deputy Executive Director (Corporate) post on a permanent basis. The officer also considered that the new Deputy Executive Director should give priority to reviewing the VTC's structure of corporate governance, stepping up liaison with key stakeholders and staff unions, and drawing up a succession strategy for the senior management. Having regard to the job content and the time required to follow through the various tasks, the VTC has now requested that the secondment be extended for a further two and a half years, so that the existing secondee can take forward the work plan developed so far and provide continuity in the initial and key stages of management reform. This arrangement will also provide sufficient time for VTC to identify and groom a successor from within the organisation.

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¹ The SPEO occupies a supernumerary post which was created on 1 November 2000 in the Education and Manpower Bureau for a period of six months under delegated authority. Having regard to the core competencies required of the post, we consider that it should be filled by an experienced officer from the Executive Officer Grade. Since there is no D3 post in the Executive Officer Grade, we have created a supernumerary SPEO post, and allowed the secondee to receive a responsibility allowance during the period of the secondment to reflect the officer's level of responsibility.

11. The Administration supports VTC's request. We agree that creation of a third Deputy Executive Director post is necessary to strengthen VTC's senior management structure, having regard to the scope of its activities. As the immediate tasks require the service of a senior officer with extensive management experience, secondment of a senior civil servant to fill the post for the initial period of its establishment is appropriate.

Financial Implications

12. The notional annual salary cost at Mid-Point and the full annual average staff cost of the proposal, including salaries and staff on-cost are -

| Rank | Notional Annual Salary Cost at Mid-point \$ | Full Annual Average Staff Cost \$ | No. of Post |
|-------------|--|--|--------------------|
| SPEO | 1,443,000 | 2,393,652 | 1 |

13. As the Deputy Executive Director (Corporate) post is ranked at D3 level, the secondee will receive a responsibility allowance during the period of the secondment, which is the difference between the starting salary of a D3 post (\$127,900 per month) and the substantive monthly salary of the secondee. We will recover from the VTC the full cost, including the staff on-cost and the responsibility allowance, of this proposal. VTC will absorb the additional cost on its part within the annual recurrent subvention provided by the Government.

BACKGROUND INFORMATION

14. The VTC was established in 1982 and is the principal organisation in Hong Kong responsible for vocational education and industrial training. The VTC provides 120 000 vocational education and training places each year through its full-time and part-time programmes. The Government's annual recurrent subvention to the VTC amounts to \$2.1 billion. The VTC is headed by an Executive Director and has a staff establishment of just over 4 000.

15. Prior to the appointment of the consultant in January 1998 as mentioned in paragraph 4 above, the Executive Director was supported by two Deputy Executive Directors. One Deputy Executive Director was responsible for the two former Technical Colleges and two central support functions – library services and computing systems. The other was responsible for the work of the seven former Technical Institutes as well as the work of the various industrial

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training centres. The central support services, including finance, personnel, administration, estates, information and public relations, were not managed by the Deputy Executive Directors, but by designated senior officers who reported to the Executive Director direct. The current proposal would allow these services to be supervised and coordinated more effectively at centre at the Deputy Executive Director level.

16. We consulted the Legislative Council Panel on Manpower on 18 January 2001. Members noted the proposal.

CIVIL SERVICE BUREAU COMMENTS

17. The Administration supports the proposed retention of the supernumerary post to accommodate a secondee to VTC having regard to the current manpower situation in VTC. The Civil Service Bureau considers the grading, ranking and duration of the proposed supernumerary post appropriate. The arrangement of seconding an experienced Senior Principal Executive Officer to fill the Deputy Executive Director (Corporate) post in VTC is considered appropriate as the post requires a holder with extensive experience in handling human and finance resource management matters in the public sector. The payment of a responsibility allowance to the secondee is considered reasonable having regard to the scope and level of responsibility required of the post.

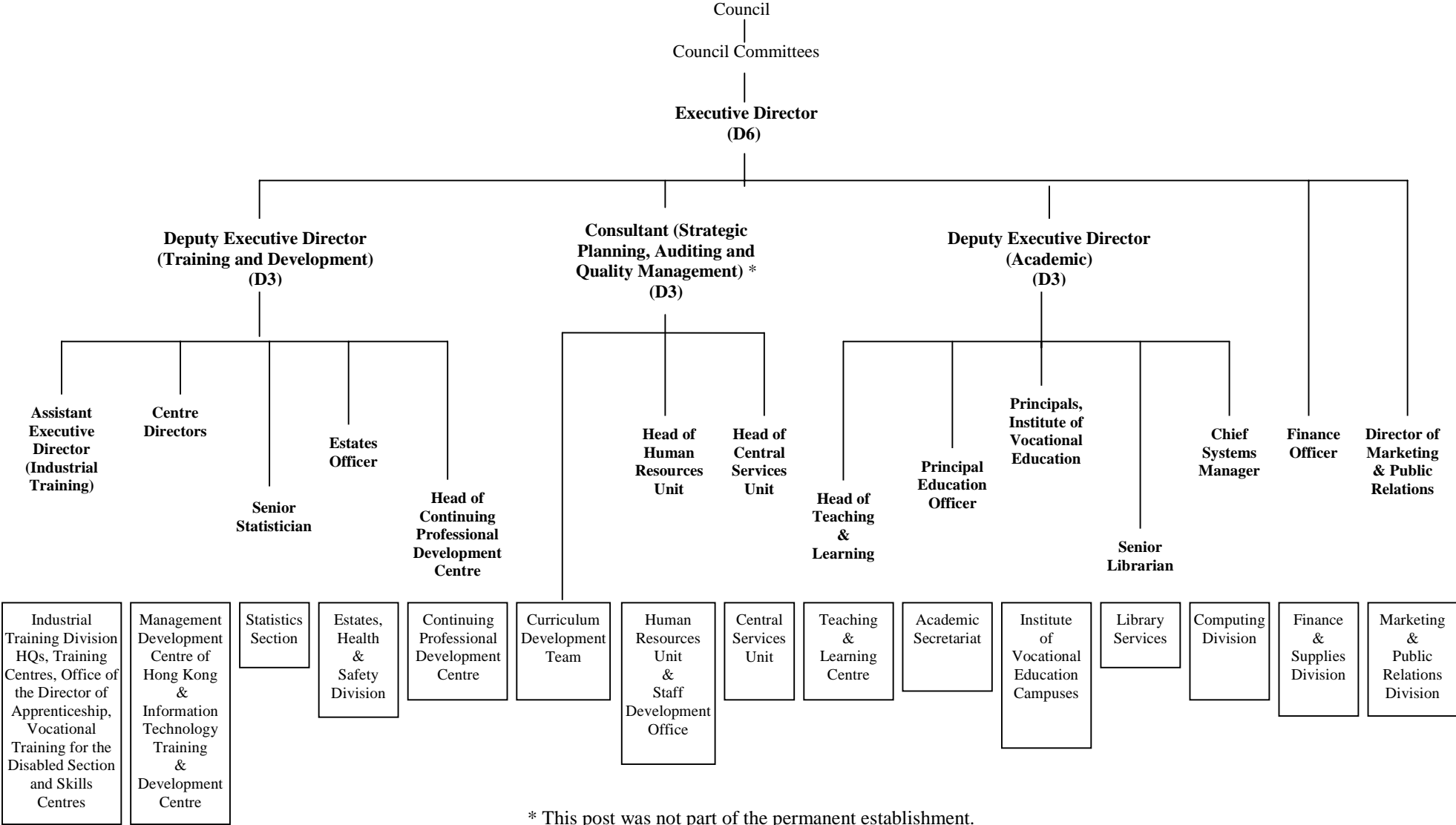
ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

18. As we propose to retain the SPEO post on supernumerary basis, we will report the retention of it, if approved, to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Education and Manpower Bureau
February 2001

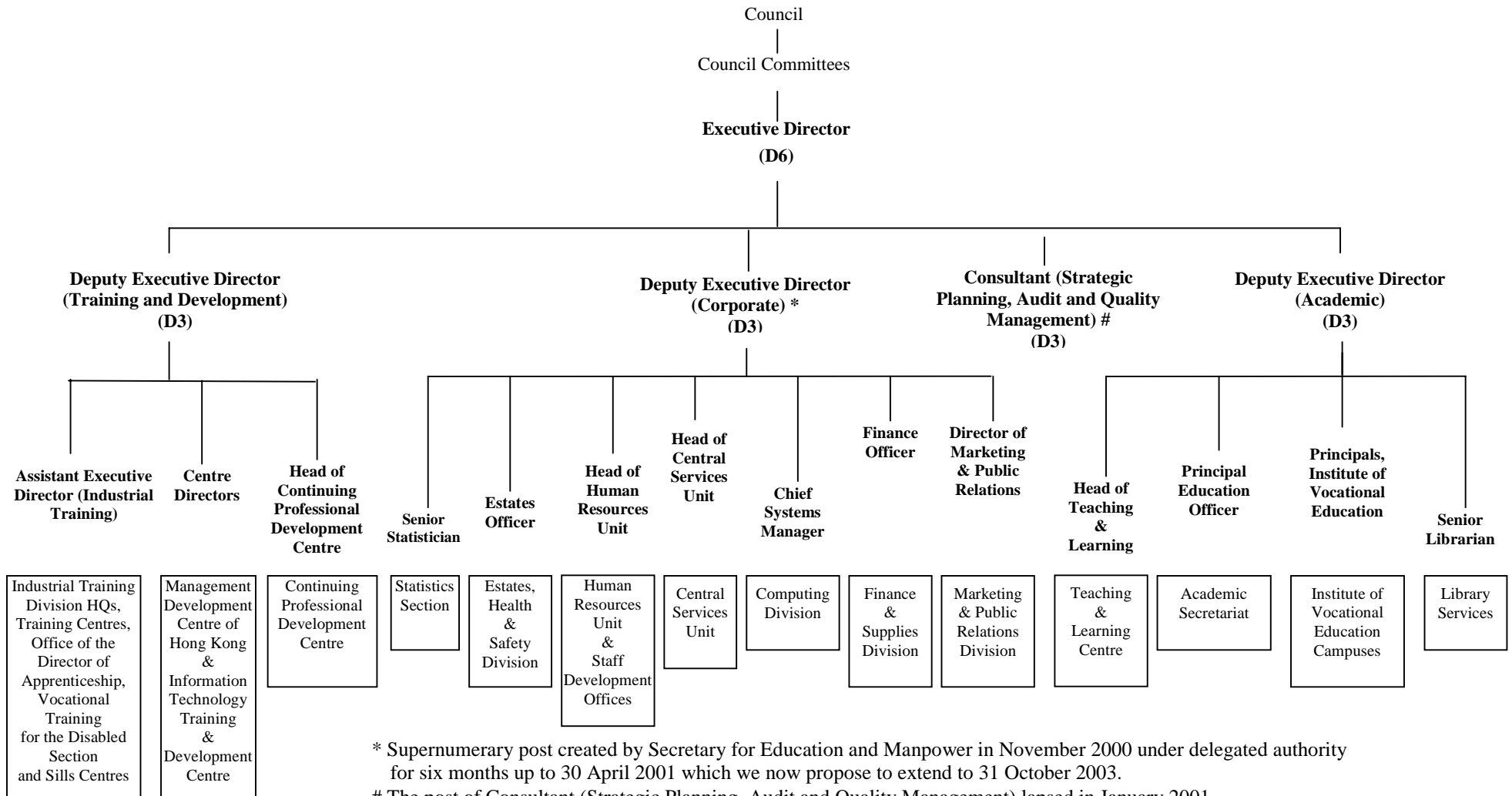
Management Structure of the Vocational Training Council

(before November 2000)



* This post was not part of the permanent establishment.

Management Structure of the Vocational Training Council
(since November 2000)



* Supernumerary post created by Secretary for Education and Manpower in November 2000 under delegated authority for six months up to 30 April 2001 which we now propose to extend to 31 October 2003.

The post of Consultant (Strategic Planning, Audit and Quality Management) lapsed in January 2001.

**Job Description for
Deputy Executive Director (Corporate)**

Rank : Senior Principal Executive Officer (D2)

Main Duties and Responsibilities -

The Deputy Executive Director (Corporate)(DED(C)) reports directly to the Executive Director and is a member of the VTC's senior management team. The DED(C) has the following duties and responsibilities -

- (a) to supervise the following operational units of the Council:
 - (i) Finance and Supplies Division;
 - (ii) Human Resources Unit;
 - (iii) Central Services Unit;
 - (iv) Computing Division;
 - (v) Statistics Section;
 - (vi) Estates, Health and Safety Division; and
 - (vii) Marketing and Public Relations Division.

- (b) to review and monitor, in consultation with the Executive Director and the senior management team, all areas of Council governance which are the responsibility of the VTC's executive;

- (c) in particular, in the context of (a) and (b), to oversee VTC-wide functions in financial planning, budgetary control, investments, procurement, property management, human resources management and development, and the Council's public relations;

- (d) in conjunction with the Executive Director and the Senior Management Team, to liaise with outside organisations, particularly Government and the Legislative Council; and

- (e) undertake any other relevant responsibilities and duties assigned to him or her by the Executive Director.