

Performance Improvement Framework Agency Formal Assessment

Introduction to the Performance Improvement Framework

Information Booklet for Lead Assessors and Independent Tier Two Managers

Developed by the State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet in conjunction with State Services agencies

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Contents

INTRODUCTION.....	4
PART ONE: Why do we need a Performance Improvement Framework?.....	5
PART TWO: What is the Performance Improvement Framework?	6
PART THREE: How are assessment ratings made?	8
PART FOUR: What is the process for a formal assessment?.....	9
PART FIVE: Who makes up the assessment team and what is everyone’s role?.....	12
SUMMARY	15

INTRODUCTION

The Performance Improvement Framework (PIF) is an exciting initiative to help senior leaders drive performance improvement across the State Services.

A formal assessment provides a systematic assessment of an agency's performance and capability, to objectively identify priority areas for development. Each agency will be rated on a number of elements (see page 6 to find out more about this) including its delivery of government priorities and core business, and its capability in leadership and strategy, external relationships, people development and financial and resource management.

A critical element in the success of an assessment is the Lead Assessor. Depending on the agency, there will be one or two Lead Assessors, with each being selected because of their credibility, strategic agility and understanding of the State Services environment. They will be primarily involved during the intensive assessment period (see page 10 to find out more about this) and they are the authors of the assessment report. Their reputational *mana* will provide any assessment report with the credibility it needs in order to facilitate actionable improvement in the agency.

A question that was asked during the pilot assessments was 'Who is the Lead Assessor accountable to?'. The primary accountability of the Lead Assessor is to the three central agency chief executives, as they are the people commissioning the assessment. However, the report will become the basis of a programme of improvement implemented by the agency being assessed. Therefore, the Lead Assessor has a key relationship with the agency's chief executive and leadership team.

Independent Tier 2 Managers may be included as part of the assessment team. Like the Lead Assessors, they will primarily be involved during the intensive assessment period. Their role is to provide a senior manager's perspective on the analysis, challenge the observations (and ratings) made by the lead assessors and ensure that there is robustness behind the assessment ratings. In some cases, they will provide valuable sector knowledge to the assessment team.

This booklet has been designed to provide an overview of the PIF model and the workings of a formal assessment. It is an orientation resource designed to help understand the 'Who, What, Why' of the PIF. More detailed information will be available to Lead Assessors and Independent Tier 2 Managers as they are confirmed for specific assessments.

PART ONE: Why do we need a Performance Improvement Framework?

The PIF provides a clear way of describing the characteristics of high performing State Services organisations and encourages a culture of continuous performance improvement.

New Zealanders expect a high performing, trusted and accessible State Services, delivering the right things, in the right way, at the right prices. Improving agency, sector and system performance through an effective performance framework is key to meeting these expectations.

State Services leaders can draw on the Performance Improvement Framework as an assessment and continuous business improvement tool to manage their agency's development. The framework will also provide the central agencies with a view of performance and capability across the system.

The Framework is designed to provide:

- transparent and comparative performance information
- a common performance language that provides clear signals on expectations and agency performance
- a strengthened culture of continuous business improvement.

Benefits of the Performance Improvement Framework

Short term

- Common performance language and expectations – central agencies and State Services
- Improved, transparent and comparative ex-post performance information at agency, sector and system level
- Strengthened culture and continuous business improvement
- Improved decision making – reprioritisation and resource allocation at agency, sector and system level
- Improved accountability for delivering results and for organisational management

Medium to long term

- Improved agency performance demonstrated by improved results at formal re-assessments and less performance failure
- Improved understanding of sector and system performance themes and issues, and ultimately performance
- Improved high performance, trusted and accessible State Services delivering the right things in the right way at the right prices:
 - improve efficiency – services provided avoid wasted time, resources and effort
 - improved effectiveness – the services provided achieve the Government's strategic policy goals
 - improved experience - the services meet or exceed Ministerial and public expectations for accessibility, timeliness, responsiveness and fairness
 - improved trustworthiness – the activities of the state are conducted with integrity and professionalism

PART TWO: What is the Performance Improvement Framework?

The PIF is a “comprehensive model” of capability and results. Most other models deal either exclusively with capability or results – these models do not provide a broad understanding of performance indicators and measures necessary for driving improvement.

Applying the PIF model to an assessment challenges the assessors to consider the following questions:

- Is the agency delivering on core business and government priorities?
- Is that delivery sustainable?

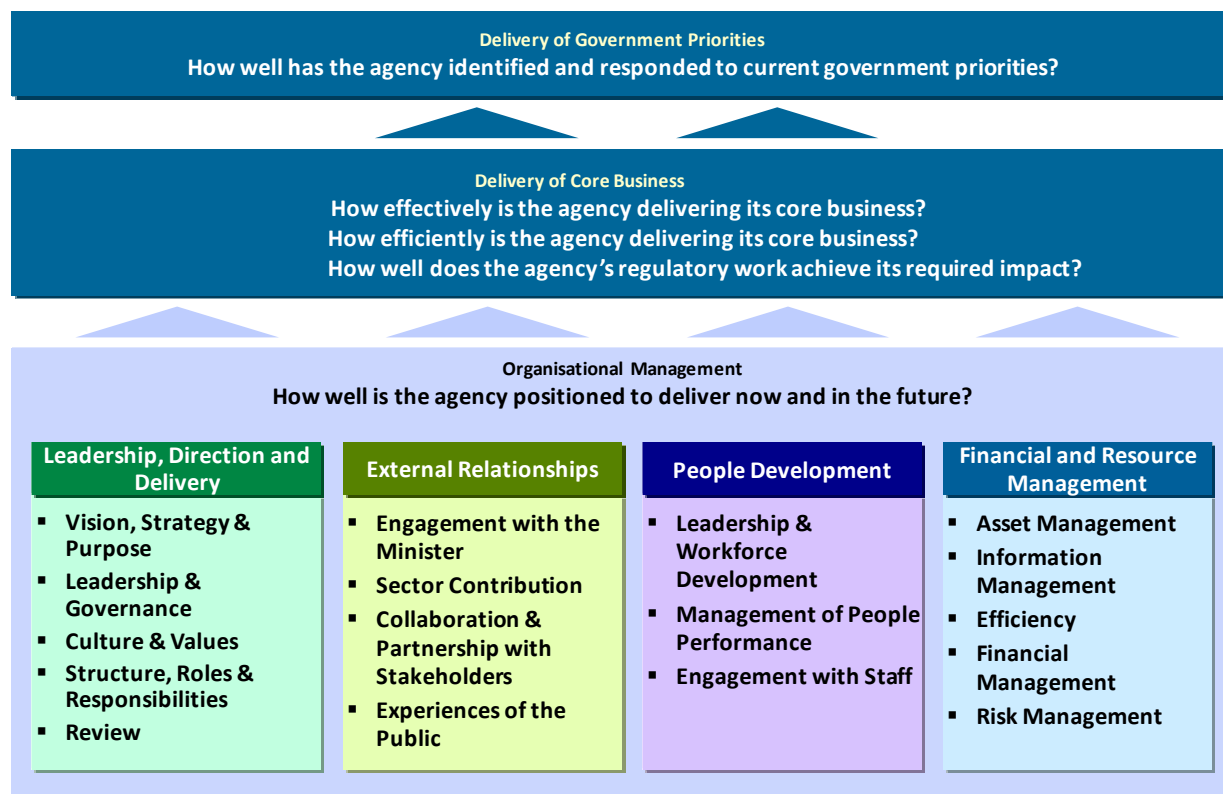
The PIF will assess whether or not the agency knows its business and is developing and deploying the capability needed to deliver on its business now and in the future.

The Framework has two major components:

1. RESULTS
2. ORGANISATIONAL MANAGEMENT

Each of these components has a number of **Critical Areas**. For example, the RESULTS component encompasses two critical areas: (1) Delivery of Government Priorities and (2) Delivery of Core Business.

The ORGANISATIONAL MANAGEMENT component encompasses four critical areas. Each critical area has a number of **Elements**. These are designed to provide a greater level of detail and focus for each of the critical areas. The following diagram summarises the **Critical Areas** and **Elements** of the Framework.



Each Critical Area in the RESULTS component and each Element in the ORGANISATIONAL MANAGEMENT component has a number of **Lead Questions**. These help define the Critical Area or Element.

Results

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





Organisational Management

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

PART THREE: How are assessment ratings made?

Assessment ratings need to be made on each element of the PIF model. To assist Lead Assessors to make fair and consistent assessments, Lines of Enquiry and Best Practice Indicators have also been incorporated into the model.

The Rating System

	Anchor Statement
	Strong
	Well placed
	Needing development
	Weak
?	Not assessed

A single colour-based rating system (shown left) is used for all components of the PIF.

In some cases, the assessment team may be unable to make an assessment, either because there is insufficient information or information obtained is contradictory. In these cases, no rating will be given or the lead assessor may opt for a 'split assessment'.

Lines of Enquiry and Best Practice Indicators

To assist with assessments, the PIF model has incorporated Lines of Enquiry and Best Practice Indicators into each part of the model. The Lines of Enquiry are a set of more in-depth, probing questions that will assist in answering a lead question. Best Practice Indicators (BPIs) describe what a 'Strong' rating could look like (although they are not limited to the BPIs listed).

People Development	
Leadership & Workforce Development	17. How well does the agency develop its workforce (including its leadership)?

Lead Question	Lines of Enquiry
17. How well does the agency develop its workforce (including its leadership)?	<ul style="list-style-type: none"> - How does the agency align its people development strategy and practices with its business strategy? - What development and support is available to those in managerial or leadership roles and how effective are these? - What approaches does the agency take to build its overall management and leadership capability? - What approaches does the agency take to enhance the capability of its general workforce and how effective are these? - How well does the agency prioritise and manage its people development spend?

Best Practice Indicators











- ★ The people development strategy (including leadership development) is aligned with wider business strategy and agency priorities.
- ★ The agency has individual development plans for all staff, explicit managerial responsibility for development, and priority and importance given to meaningful development activities.

Making Assessment Ratings

The Results section of the PIF looks at how well the agency is delivering on its core business activities and government priorities. Therefore EVERY core business area and government priority for that agency should be assessed and rated. Each core business area is assessed on two dimensions: efficiency and effectiveness. Assessment ratings (see below for an example) are supported by evidence in the form of a narrative.

SUMMARY OF ASSESSMENT

RESULTS





Government Priorities	Rating	Core Business	Rating (Efficiency)	Rating (Effectiveness)
Greater efficiency for governments ICT Procurement		ICT procurement		
Use syndicated suppliers to drive an efficient State Services		School lunches		
Best practice available through State Services		Policy advice		
			Rating	
		Regulatory Impact		

ORGANISATIONAL MANAGEMENT

Leadership, Direction and Delivery	Rating
Vision, Strategy & Purpose	
Leadership & Governance	
Culture & Values	
Structure, Roles and Responsibilities	
Review	
External Relationships	Rating
Engagement with the Minister(s)	
Sector Contribution	
Collaboration & Partnerships with Stakeholders	
Experiences of the Public	

People Development	Rating
Leadership & Workforce Development	
Management of People Performance	
Engagement with Staff	
Financial and Resource Management	Rating
Asset Management	
Information Management	
Efficiency	
Financial Management	
Risk Management	

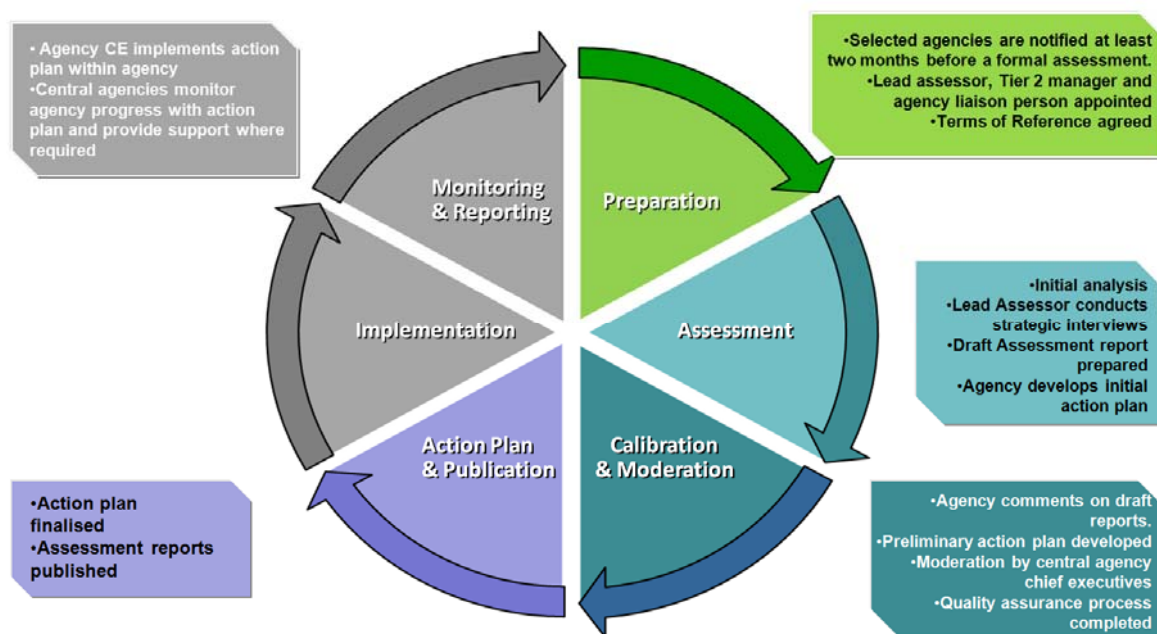
Anchor Statement

Strong		Well placed		Needing development		Weak		Not assessed	?
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PART FOUR: What is the process for a formal assessment?

In order to ensure consistency, a six-stage approach (starting with the Preparation phase) is used for all formal assessments. Typically, Lead Assessors will start their involvement during the Assessment phase and finish their involvement at the Action Planning phase.

An Overview of the Process



During the **Preparation** phase, the set-up for the assessment is undertaken. This will typically involve the agreement of terms of reference, the set-up of an assessment team and the contracting of a lead assessor. Some collation of preparatory information may also be carried out at this point.

The **Assessment** phase has two stages. The first is the initial research and analysis phase where a desk-top analysis is undertaken, perhaps supplemented by interviews and focus group discussions. The Lead Assessors and the Independent Tier 2 manager will have limited involvement at this stage, but will direct the analysis being undertaken.

The second stage of the Assessment phase is the intensive assessment period. This will typically last two weeks, during which the Lead Assessor reviews the analysis undertaken by the assessment team, conducts strategic interviews and provides rating on each component of the model. A first draft of the assessment report is produced at the end of this phase.

The **Calibration and Moderation** phases allow the agency and the three central agencies to review the first draft and respond to the findings (calibration). As all assessments in a tranche (i.e. six-monthly period) are completed, they go into a process of moderation where all reports are checked for consistency and fairness.

The **Action Planning** phase sees the priority areas for action identified and agreed. At this stage, the priority areas for action along with the associated action plan for each priority action

will be incorporated into the assessment report. The **Implementation** and **Monitoring and Reporting** phases ensure that the agency successfully undertakes agreed action plans and the desired improvement is achieved.

Key Deliverables

During the course of an assessment, there are a number of deliverables produced. The following table describes the most critical deliverables.

Title	Description	Responsibility & Due When?
Assessment Terms of Reference	This is the agreement between the three central agencies and the agency being assessed. It provides detailed timeframes and sets out the roles and expectations of the central agencies and the agency. It is signed off by the State Services Commissioner and the Agency Chief Executive.	Assessment Team Manager Due approximately 6-8 weeks before the assessment begins.
Team Working Paper	At the end of the initial research and analysis phase, a summary of research and analysis undertaken during the three week period is provided to the Lead Assessor. This working paper may provide provisional ratings for the elements of the model.	Assessment Team Manager In the week before the intensive assessment phase begins.
1st Draft of Assessment Report	By the end of the intensive assessment phase, the first draft of the assessment report needs to be produced. This report will provide ratings for all elements of the model, along with descriptive narratives. It will also identify suggested areas for improvement.	Lead Assessor On the last Friday of the intensive assessment period.
1 st Draft of Action Plan	The agency has two weeks to respond to the first draft of the assessment report. Included in this response is an Action Plan developed from the suggested areas for improvement. This provides some indication as to the willingness of the agency to respond to the issues identified in the Assessment Report.	Agency Two weeks after receipt of the 1 st draft of the assessment.
2 nd Draft of the Assessment Report	This version of the report is the one that is presented for moderation. Amendments may have been made following feedback from the agency and input from central agencies during the calibration process.	Lead Assessor Within a week after receipt of feedback from the agency and central agencies.
Final Assessment Report	Final report after considering the ratings and comments across all assessment reports produced in a tranche.	Lead Assessor

PART FIVE: Who makes up the assessment team and what is everyone’s role?

Lead Assessors and Independent Tier 2 Managers are supported by an assessment team. The assessment team will provide the in-depth technical knowledge required to assess the different areas contained in the PIF model. The team will be made up of staff from the three central agencies and representatives of the agency being assessed.

A typical assessment team will consist of the following individuals. Some will be full time for the entire assessment period (usually five weeks), whereas others will be required for a shorter period.

Title	Role & Responsibilities
Lead Assessors	<p>For most agencies, two lead assessors will be used. In some cases, the number of lead assessors will vary depending on the size and complexity of the agency. The role of the lead assessor is to:</p> <ul style="list-style-type: none"> - undertake strategic interviews during the intensive assessment phase - make assessment ratings for each element of the model based on the interviews and analysis undertaken - ensure that the first draft of the report is prepared and provided to the agency, and the second draft is prepared in time for calibration and moderation - provide advice and comment to central agency representatives during the calibration and moderation phases.
Independent Tier 2 Manager	<p>For some assessments, a senior manager from another agency will complement the assessment team. These individuals may bring specific skills or technical knowledge to an assessment team. The role of the independent tier 2 manager is to:</p> <ul style="list-style-type: none"> - review the initial analysis conducted by the core PIF team and identify areas where further analysis is required - conduct strategic interviews (either with the Lead Assessors or independently). These interviews can range from Ministers to senior technical specialists within the agency - provide observations and comments to the Lead Assessors in order to help reach a fair and balanced rating on each of the elements of the PIF model - Draft and review parts of the assessment report.

<p>Assessment Team Manager (ATM)</p>	<p>The ATM is a full-time member of the PIF Unit based at the State Services Commission. The ATM will also act as an analyst/advisor in their areas of technical expertise. The role of the ATM is to:</p> <ul style="list-style-type: none"> - ensure that all planning is undertaken for the entire assessment process - provide direct support to the Lead Assessors as and when required - ensure that all deliverables from the assessment process are produced on time - ensure that document management and recording standards are maintained throughout the assessment - ensure that the PIF Programme Manager and other central agency stakeholders are kept informed of progress, issues and risks.
<p>Agency Representative(s)</p>	<p>The agency being assessed will be asked to provide a representative to assist with the assessment. In most cases, we have also recommended that agencies nominate a senior manager to act as a sponsor for the assessment.</p> <p>The role of the Agency Representative is to:</p> <ul style="list-style-type: none"> - ensure the required information and resources, including those not available publicly, are available to the assessment team - provide advice and guidance to the assessment team on the best sources of information and the most appropriate people to interview during the assessment - ensure that internal communications surrounding the PIF are undertaken and that internal agency stakeholders are aware of the assessment process - ensure that agency senior managers are kept apprised on the progress of the assessment - act as an initial point of contact in the event of non-cooperation or issues arising during the conduct of the assessment - ensure that administrative support is available for the assessment team - review written material from the assessment team and make comment on factual accuracy and robustness of conclusions - (OPTIONAL) undertake assessment activities (eg interviews, document reviews) and provide written assessments to lead assessors. <p>The role of the agency senior manager/sponsor is to:</p> <ul style="list-style-type: none"> - act as a ‘sounding board’ for the lead assessors as they progress through the assessment phase (ie testing ideas, offering senior level insights, etc) - encourage the participation/cooperation of senior managers in PIF assessment activities. - act as an escalation point in the event of non-cooperation or issues arising during the conduct of the assessment.

<p>Central Agency Performance Specialist</p>	<p>In some cases, the assessment team may be complemented by a performance specialist from any of the three central agencies (i.e. State Services Performance Specialists from SSC, Vote Analysts or Managers from the Treasury; Performance Advisory Group (PAG) members from DPMC). The role of the Central Agency Performance Specialist is to:</p> <ul style="list-style-type: none"> - provide a central agency perspective of the agency’s performance and capability - provide observations and comments to the Lead Assessors in order to help reach a fair and balanced rating on each of the elements of the PIF model - review written material from the assessment team and make comment on factual accuracy and robustness of conclusions - undertake assessment activities (eg interviews, document reviews) and provide written assessments to lead assessors.
<p>Analysts / Advisors</p>	<p>The assessment team will also use a number of analysts/advisors to undertake assessments using their specialist knowledge. Typically, they will be assigned an area of the PIF that matches their technical expertise (e.g. ICT, Financial Management, Human Resources). The role of the analysts are to:</p> <ul style="list-style-type: none"> - review written materials and conduct initial interviews/focus group discussions - document findings into a team working paper in time for review by the lead assessors.

SUMMARY

The PIF provides a clear way of describing the characteristics of high performing State Services organisations and will encourage a culture of continuous performance improvement.

The PIF is a ‘comprehensive model’ of capability **and** results. Many other models deal exclusively with either capability or results – these models do not provide a broad understanding of performance indicators and measures necessary for driving improvement.

Assessment ratings need to be made on each element of the PIF model. To assist Lead Assessors to make fair and consistent assessments, Lines of Enquiry and Best Practice Indicators have also been incorporated into the model.

In order to ensure consistency, a six-stage approach (starting with the Preparation phase) is used for all formal assessments. Typically, Lead Assessors will start their involvement during the Assessment Phase and finish their involvement at the Action Planning phase.

Lead Assessors and Independent Tier 2 Managers are supported by an assessment team. The assessment team will provide the in-depth technical knowledge required to assess the different areas contained in the PIF model. The team will be made up of staff from the three central agencies and representatives of the agency being assessed.

Further Notes: