

Performance Improvement Framework

Formal Review of the

**Ministry of Foreign Affairs & Trade
(MFAT)**

ACTION PLAN

Sept 2010

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**Performance Improvement Framework
Formal Review: Ministry of Foreign Affairs & Trade
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**Ministry of Foreign Affairs & Trade
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MINISTRY OF FOREIGN AFFAIRS AND TRADE: PERFORMANCE IMPROVEMENT FRAMEWORK ACTION PLAN

Introduction

The PIF report makes it clear that, while the Ministry is, and has been, a very high achieving organisation, there are areas for improvement: in how we run our core business; in our internal systems and processes; our leadership and strategic planning; and how we organise ourselves and engage with stakeholders.

That said, many of the challenges to improve the Ministry's performance did not come as a surprise and had been anticipated to some degree and included in a comprehensive organisational change programme – *Ministry 20/20*. This has been developed over the past 12 months and is now underway.

In response to the specific priority areas for action identified in the PIF report, the Ministry's Senior Leadership Team developed the following Action Plan which also shows linkages to the *Ministry 20/20* programme.

The action areas broadly cover: effective management of change processes; strengthening management and accountability; improving organisational structure and alignment; improving longer term strategic planning; enhanced engagement with stakeholders; improving the efficiency of corporate services on and offshore, (including through new business models); and introducing new human resources,, performance measurement and risk management processes.

When implemented, the proposed changes will make a difference to what the Ministry does, how it does it, and – most importantly – to the culture which supports its ongoing success.

The future vision is of a Ministry which is flexible and focused around strategic priorities. A Ministry which is performance oriented and ideas-driven. A Ministry which is ambitious. The Performance Improvement Framework report and the Ministry's Action Plan will help the Ministry keep the change process on track and to regularly assess its progress against this vision.

John Allen
Secretary of Foreign Affairs and Trade

	Priority Area for Action	Actions to Address Priority Area	Lead	Timeframe/ Deadlines
1	<p>Ensure that change management capability is sufficient to create the necessary momentum and address future strategic and operational risks.</p> <p>Tier one priority</p>	<p>Establish Organisational Change governance group ensuring change is underpinned by appropriate business processes, is prioritised, resources allocated, there is a single view of organisational change and risk is managed.</p> <p><u>Action Steps</u></p> <p>1.1 Membership and TOR agreed by SMG</p> <p>1.2 Mandate and role is communicated to managers and staff</p> <p>1.3 Staff workshops held on change management processes and skills to help manage change</p> <p>1.4 Change is actively managed, risks identified and mitigated and reported to SLT</p>	<p>CEO</p> <p>SLT</p> <p>Leader Organisational Change Group</p> <p>Dir HRS</p> <p>Leader Organisational Change Group</p>	<p>30 Apr 10</p> <p>31 May 10</p> <p>31 May 10</p> <p>30 Sept 10</p> <p>Ongoing</p>
2	<p>Work with key stakeholders to develop a clear definition of the longer-term strategic context within which New Zealand has to operate and set priorities. Use this to reset the mission, role and purpose of MFAT in order to guide its prioritisation and resource allocation decisions.</p> <p>Tier one priority</p>	<p>Underway as part of 20/20 workstreams</p> <p><u>Action Steps</u></p> <p>2.1 Develop work plan for stakeholder engagement</p> <p>2.2 Lead NZ Inc onshore strategic planning processes and develop common strategy</p>	<p>Dir Strategy/Dir PDO</p> <p>Project Leader NZ Inc</p>	<p>30 Jun 10</p> <p>31 Oct 10</p>

		<p>2.3 Strategic context agreed with Ministers and embedded in FY11 planning, performance and accountability documents</p> <p>2.4 Review capability and budget to ensure resources are aligned with refocused strategy, mission and role</p>	<p>Dir OPP/Dir Strategy</p> <p>Dir OPP/Dir FIN</p>	<p>30 Apr 11</p> <p>30 Apr 11</p>
3	<p>Strengthen Ministry management by refocusing SLT on its strategic role; develop a management career path, and further delegate the management of people, performance and resources.</p> <p>Tier one priority</p>	<p>Underway as part of 20/20 workstreams on structure, people, measurement and strategy.</p> <p><u>Action Step:</u></p> <p>3.1 SLT restructured with new accountabilities as at 1 July (completed)</p> <p>3.2 Tier 2 and 3 human resource and financial delegations reviewed</p> <p>3.3 Management career path incorporated into career pathways scoped and developed</p>	<p>CEO</p> <p>Dir HRS/Dir FIN</p> <p>Dir HRS</p>	<p>30 Jun 10</p> <p>31 Oct 10</p> <p>30 Jun 11</p>
4	<p>Improve the focus on the cost of management and efficiency of front office, offshore and back office services by developing a financial sustainability plan to close the forecast baseline gap.</p> <p>Tier one priority</p>	<p>Underway as a new 20/20 workstream and Corporate Services review, Offshore Review, and ICT workstreams.</p> <p><u>Action Steps</u></p> <p>4.1 Establish Efficiency Working Group with, TORs and annual savings goals</p>	<p>Dir FIN</p>	<p>30 Jun 10</p>

		4.2 EWG identifies savings options and implements programme to close budget gap over next 3 years	EWG	31 Dec 10
		4.3 Implementation of pilot Embassy light, hub and spoke	Ldr NZ Inc Coordination	30 Jun 11
5	Better align organisational structures to mission, purpose and role by improving the strategic focus of SLT, rebalancing programme portfolios and rationalising tier three business units.	Underway- SLT and group structure in place <u>Action Step</u> 5.1 Tier 3 and unit structure reviewed and agreed for start FY10 5.2 Demographic structure reviewed and action plan developed	CEO/A/DSp3 Dir HRS	30 Jun 10 31 Oct 10
6	Strengthen accountability for performance throughout MFAT. Address under-performance, and strengthen line management capability and accountability (with management of poor performers given more weight).	Underway as 20/20 people workstream and linked to structure and measures <u>Action Steps</u> 6.1 HRS to identify and plan initial approaches to address management of under performance - report to SLT 6.2 Process strengthened in new performance management system developed in FY10/11 for use in FY11.	Dir HRS Dir HRS/Dir OPP	30 Jun 10 30 Jun 11

7	Make better use of senior diplomatic staff through improved transition, knowledge management, alumni management and perhaps through the establishment of a Diplomatic College.	<u>Action Steps</u> 7.1 Scope and develop programme for implementation in 2011, report to SLT	Principal Capability Adviser	31 Dec 10
8	Place <u>increased urgency</u> on the alignment of IDG with the wider Ministry, while preserving the most effective elements of IDG's culture and management. Tier one priority	Underway <u>Action Steps</u> 8.1 IDG transition plan implemented 8.2 IDG policies and strategies are developed with close interaction with relevant policy units in ministry and in alignment with MFAT planning, and management processes.	DSP6 IDG management	30 Jun 10 Ongoing
9	Enhance the emphasis on measuring and evaluating performance, efficiency and effectiveness, from organisation, to business unit, project and individual levels. Tier one priority	Underway as 20/20 Measures workstream and HRS/OPP project to review PMF in FY10 <u>Action Steps</u> 9.1 New organisational measurement system to drive business performance and meet external accountability standards agreed and in place for FY10 9.2 Staff Performance Management System reviewed and in place for FY11 9.3 Project management and evaluation systematised across Ministry	Dir OPP Dir HRS/Dir OPP DSP6	31 Apr 10 30 Jun 11 30 Jun 11

10	<p>Provide a robust basis (process and criteria) for the Chair of Audit Committee to certify at year end that:</p> <ul style="list-style-type: none"> Risks are properly and effectively managed; and Internal controls are effective. 	<p>Underway as existing projects:</p> <p><u>Action Steps</u></p> <p>10.1 New Audit processes in place for FY10/11</p> <p>10.2 Risk policy and framework approved for implementation in FY10/11.</p>	<p>Dir AUD</p> <p>Dir OPP</p>	<p>30 Jun 10</p> <p>30 Jun 10</p>
11	<p>Review, strengthen and better leverage corporate functions, both on and offshore, to better enable the core business, with a particular focus on ICT, Finance and HR.</p>	<p><u>Action Steps</u></p> <p><u>Underway</u></p> <p>11.1 Corporate functions onshore strengthened and efficiencies identified through review of divisional structures.</p> <p>11.2 Implement Offshore Review, specifically the hub-and-spoke and Embassy “Light” models; work with agencies to identify opportunities for more collaborative offshore services with NZIS and NZTE especially.</p> <p>11.3 HR division reviewed and restructured</p> <p>11.4 Explore options and test feasibility of recent Corporate Services staff review draft recommendations; project completed and outcomes to be agreed by SLT</p>	<p>CEO</p> <p>Project Leader NZ Inc Coordination/DSP6</p> <p>Dir HRS</p> <p>Project Leader CS Review/SLT</p>	<p>30 Jun 11</p> <p>31 Dec 10</p> <p>30 Jun 10</p> <p>31 Dec 10</p>