# Deputy Secretaries Leadership Group

**Date:** Wednesday, 12 September 2018  
**Time:** 12pm – 1pm  
**Location:** Public Service Commission, Ngara Room, Level 4, 255 George Street, Sydney  
**Chair:** Emma Hogan, Commissioner, Public Service Commission  
**Contact:** Kelly Kencevski, Executive Support Officer, Public Service Commission

<table>
<thead>
<tr>
<th>No</th>
<th>Item</th>
<th>Time</th>
<th>Papers</th>
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<tbody>
<tr>
<td>1.</td>
<td>Welcome and apologies</td>
<td>5 mins</td>
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<td>2.</td>
<td>Commissioner's Update</td>
<td>5 mins</td>
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<td>3.</td>
<td>Recruitment Review: Next steps</td>
<td>25 mins</td>
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<td>4.</td>
<td>Insights in to HR Capability Report &amp; the Future of HR Workshop</td>
<td>10 mins</td>
<td>Yes</td>
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<td>5.</td>
<td>Deputy Secretaries Leadership Group Future Meetings</td>
<td>10 mins</td>
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<td>6.</td>
<td>Other Business</td>
<td>5 mins</td>
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<td>7.</td>
<td>Senior Executive Fundamentals Launch</td>
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<td>Yes</td>
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<td>8.</td>
<td>Release of Communications Strategy &amp; Policy Guidance for Flexible working</td>
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**Next Meeting:** 12pm – 1pm, Wednesday, 21 November 2018
ITEM No. 4. HR Capability Insights Report and the Future of HR Workshop on 26 September 2018

ISSUE: Development of a roadmap for commencing the sector’s journey toward the ‘Future of HR’.

RECOMMENDATION:

That the Deputy Secretaries Leadership Group:

1. Note the findings and recommendations contained in the HR Capability Insights Report, August 2018.

2. Note that a half day workshop is being held on 26 September 2018 with Cluster HR Executives and sector HR Directors to consider the Report’s recommendations and agree on a roadmap for commencing the sector’s journey toward the ‘Future of HR’. The roadmap to be presented to the Deputy Secretaries Leadership Group and then Secretaries Board for its endorsement.

Background

Within 3-10 years, research indicates all jobs will be impacted by digital disruption, with 40-50% of jobs at high risk of automation. The NSW government sector’s overall HR capability requires improvement and re-organisation if it is to successfully manage the major workforce transitions predicted to occur as a result of digital disruption, and the ‘work of the future’.

In 2017/18, a HR Diagnostic process (suite of four surveys, including Secretary/agency head interviews) was undertaken to determine the ‘health’ of the NSW government sector HR functions. The diagnostic process was completed by 19 Departments/agencies.

In 2018, separate assessments and research (including Deputy Secretary and HR Executive Director interviews plus desktop research/case studies) were combined with the original HR Diagnostic findings to generate new sector-wide insights which have been captured in the HR Capability Insights Report (see attached). The report provides insights in the following focus areas:

- Impact of digital disruption on government and its workforce
- Current state perceptions of HR functional strengths and gaps within the sector
- Future of HR in the NSW government (e.g. structure, role, capabilities, workforce management).

The report makes recommendations to reposition sector HR capability to address future opportunities and challenges.
Half day workshop on 26 September 2018 – 9:00 am to 2:00 pm

The NSW Government Sector ‘Future of HR’ Workshop is being held with Cluster HR Executive Directors and sector HR Directors to consider the HR Capability Insights Report’s recommendations and agree on a roadmap for commencing the sector’s journey toward the ‘Future of HR’.

The roadmap will be presented to the Deputy Secretaries Leadership Group and following that the Secretaries Board in November 2018 for its consideration and endorsement.

The Public Service Commissioner will open the workshop followed by a presentation by the Secretary, Department of Finance, Services and Innovation who will set the scene from a Secretary’s perspective, emphasising the importance of strategic HR leadership to ensure the effective operation of the Department.

Also attached is the draft agenda for the half day workshop.

Contact Officer: Jennifer Perry, Position: Director, Workforce Strategy, T 9272 6047
### Draft Agenda:

**Purpose**
The NSW government sector ‘Future of HR Workshop’ is being held to consider the 2018 ‘Insights in HR Capability’ report’s recommendations and agree on a roadmap for commencing the sector’s journey toward the ‘Future of HR’. The roadmap to be presented to the Secretaries Board in November 2018 for its endorsement.

<table>
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<tr>
<th>Element</th>
<th>Description</th>
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<tr>
<td><strong>Attendees</strong></td>
<td>Cluster HR Executive Directors and sector HR Directors</td>
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</table>
| **Special Items** | • **Opening Words**: Commissioner, NSW Public Service Commission  
                     • **Scene Setting**: Secretary, Department of Finance, Services and Innovation  
                       - To set the scene from the Secretary’s perspective, including the opportunities and challenges presented by the digital future  
                       - Emphasise the importance of HR strategic leadership to the Secretary and to the effective operation of the Department  
                       - Encourage attendees to be bold and creative in developing the solutions/strategies to address the future opportunities and challenges, to be captured in the roadmap |
| **Workshop Sessions** | 1. Main workshop introduction – preparing participants for workshop activities  
                             2. Exploring potential futures for HR – investigation of desktop research findings  
                             3. Unpacking our current HR capability – review of current state diagnostic results  
                             4. Designing an integrated response – co-design sessions to:  
                               - Refine recommendations  
                               - Agree priorities and accountabilities  
                               - Create initiative horizons/high level roadmap  
                             5. Conclusion and next steps |
| **Logistics** | • Wednesday, 26 September 2018  
                       • UNSW, Level 6, 1 O’Connell Street Sydney  
                       • 9:00am – 2:00pm  
                       • 5 hrs  
                       • Lunch provided |

**Workshop Facilitator:** Phillip Mottram
HR Capability Insights Report

A review of NSW Government Sector HR Capability
August 2018

Contents

This report reviews the current state of HR Capability across the NSW government sector, and proposes areas and initiatives for enhancing the sector’s capability to manage its workforce into the future

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<td>Snapshot of the report’s findings and recommendation</td>
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<td>Desktop Research Summary</td>
<td>A brief summary of key trends and leading practices for a range of literature/research sources (also refer to Appendix D)</td>
<td>8</td>
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<td>HR Capability Assessment</td>
<td>Interpretation of the findings of key surveys which have contributed to this report (also refer to Appendix C)</td>
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<td>Future HR Capability: Recommendations</td>
<td>Application of findings and insights to propose recommendations for enhancing future HR Capability</td>
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<td>Appendices</td>
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Executive Summary

Context & Purpose: Preparing NSW Government for the Work of the Future

This report seeks to synthesise insights on NSW government HR practices and capabilities, using multiple surveys and departmental feedback over the last 12 months, and proposes improvement recommendations.

Government Sector Context

- Increasing citizen expectations on government services
- Demand for personalised services, dealing with lack of trust
- Increasing roles for private sector and enhanced NGO sector in delivery of services to citizens
- Increasing demand for ‘open government’
- Increasing digital disruption in reshaping jobs, work, organisations, and customer experience
- Increasing use of outcomes, as opposed to outputs measurement
- Changing customer and workforce demographics
- Historical perceptions of sector HR functions seen as operational, transactional, rule-driven, people-focused, use of problematic technology

Current HR Responses/Initiatives

Sector HR initiatives commenced in past 12 months:
- Investigate recruitment practices, mobility utilisation, and recommend improvements
- Improve/develop working for public sector roles
- Increase jobs held by people with a disability
- Develop non-executive work level standards to enhance role grading, organisational design, performance and mobility
- Attract and retain talented graduates to build public sector capability and future leader cohort
- Improve workforce diversity
- Reduce recruitment costs using Public Service Recruitment Pools
- Improve sector-wide People Manager capability
- Improve strategic workforce planning

Why this Report?

In 2017/18, assessments were undertaken to determine the ‘health’ of NSW government sector HR functions. Assessment findings from multiple sources were used to generate new sector-wide insights. This report seeks to provide insights in the following focus areas:
- Impact of digital disruption on government and its workforce
- Current state perceptions of HR functional strengths and gaps within the sector
- Future of HR in NSW government (e.g. role, capabilities, structure, workforce management)

The report makes recommendations to reposition sector HR capability to address future challenges.

Sources: See Report Appendices A, B & D

Integrity, Trust, Service & Accountability
HR Capability Insights Report: Respondents and Approach

This report uses findings from key data sources (survey instruments), as well as respondent feedback, to assess the current state of the NSW public sector’s HR practice areas and capabilities.

**Respondents**
A total of 19 departments and agencies responded to surveys. Respondent groups included:

- **Department/agency Leaders:** Secretaries, Deputy Secretaries, Department/agency Heads
- **HR Customers:** Leaders of other functional areas within government
- **HR Leaders:** Leaders of the HR function

**Data Sources: Timeline**

<table>
<thead>
<tr>
<th>Data Sources (Survey Instruments)</th>
<th>Year</th>
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<tbody>
<tr>
<td>Gartner CEB Business Alignment Tool (BAT)</td>
<td>2017</td>
</tr>
<tr>
<td>Capabilities, Culture &amp; Conditions Survey (CC&amp;C)</td>
<td>2017</td>
</tr>
<tr>
<td>Gartner CEB Ignition Diagnostic (ID)</td>
<td>2017</td>
</tr>
<tr>
<td>NSW public sector’s People Matter Employee Survey 2017 (PMES)</td>
<td>2017</td>
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<tr>
<td>HR Leader Snap Survey Results – June 2018</td>
<td>2018</td>
</tr>
<tr>
<td>HR Leader (HRED/HRD) Interviews</td>
<td>2018</td>
</tr>
<tr>
<td>Desktop Research Review</td>
<td>2018</td>
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<tr>
<td>This Report</td>
<td>2018</td>
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</table>

**NSW Government Sector HR Capability: Summary Findings**

In summary, the NSW government sector’s overall HR capability requires improvement and reorganisation if it is to successfully manage the major workforce transitions predicted to occur as a result of digital disruption.

**Report Focus Areas**

- **Impact of digital disruption on government and the workforce:**
  - Within 3-15 years, research indicates all jobs will be impacted by digital disruption, with 40-50% of jobs at high risk of automation. This equates to 110,000 NSW government jobs.
  - Digital technologies are changing the nature of work in government. Process and knowledge roles (e.g. Policy, Legal, Audit) will be heavily impacted. New jobs will also be created.
  - New ways of operating and organising will be needed in order for the sector to remain relevant.
  - Multiple major workforce transitions will be required to shift the sector into the digital era.
  - Current limited focus by the sector on the work of the future challenges.
  - Sector HR perceived as managing by role, process focused, traditional, lacking agility, and fostering low risk solutions.

- **Current state perceptions of HR functional strengths and gaps:**
  - Sector HR maturity is low. Using a global benchmarking tool, maturity scores across six HR practice areas ranged between 43.7-55%.
  - Performance perceptions held by Departments/agency Leaders, HR Customers, and HR Leaders vary considerably. This misalignment is impacting service delivery and value.
  - Important capability gaps have been identified: managing sector talent; developing workforce strategy; using workforce analytics; and developing employees.
  - Replacing concerns expressed regarding execution/non-executive mobility at sector and cluster levels.
  - Findings suggest incoherence in HR maturity and performance exist between Departments and agencies, as well as lack of standardisation. Leveraging of scale in the sector is limited.

- **Future of HR in NSW Government (including role, capabilities, organisation):**
  - Current mix and maturity of sector HR capability is unlikely to be able to manage major workforce transitions created by digital disruption.
  - Department/agency leaders also expressed concern regarding the sector’s preparedness for the work of the future.
  - Major workforce transitions will require greater capability/capacity in organisational/role redesign.
  - Traditional (vertical) HR operating model elements (e.g. business partners, centres of expertise) are no longer fit for purpose and must change at the Department/agency level to meet future needs.
  - Skills shifts to higher cognitive, social and emotional intelligence, and technology skills will be required. HR wishing to include critical thinking, creativity and design, insight generation, learning, adaptability and advanced communication.

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*Report findings should be read as ‘indicative findings’. Findings are based on surveys conducted during the period June 2017 – June 2018. Not all departments/agencies contributed to all surveys.*

**Sources:** See Report Appendices A & B
### Future HR Capability: Key recommendations (1 of 2)

Preparing for the ‘work of the future’ will require a deep understanding of workforce changes, new skills and ways of working, as well as a strong capability to manage multiple and complex workforce transitions.

<table>
<thead>
<tr>
<th>Report Recommendations</th>
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<tbody>
<tr>
<td><strong>Workforce insights/strategy:</strong></td>
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<tr>
<td>1. Develop the sector’s Future Workforce Model, including:</td>
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<tr>
<td>- Analysis of specific impacts of ‘Future of Government’ trends and demographic shifts on NSW government workforce</td>
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<tr>
<td>- Skills analysis to assess specific impact of emerging technologies application on NSW Government jobs, cohorts, clusters</td>
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<tr>
<td>- Attributes for a future-focused NSW government sector workforce (by cluster)</td>
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<tr>
<td>2. Collaborate with other departmental data management activities (workforce, business, financial) to enhance HR data insights</td>
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<tr>
<td>3. Pilot, and then scale, business-focused workforce analytics</td>
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<tr>
<td><strong>New sector HR operating model:</strong></td>
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<tr>
<td>4. Move away from traditional (Ulrich) HR operating model use</td>
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<tr>
<td>5. Challenge and select new HR services and capabilities to focus on managing the future workforce, including talent management, analytics, and workforce strategy</td>
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<tr>
<td>6. Reorganise HR services and capabilities to enhance customer experience, agility, scalability, and efficiency. Specifically:</td>
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<tr>
<td>- Investigate benefits of reorienting strategic workforce planning with other strategic planning functions (e.g. business/finance)</td>
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<td>- Re-position HR personnel out of HR (e.g. payroll, leave processing)</td>
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<td>- Standardise and automate sector HR processes and data management into shared/common ‘smart’ service platforms (e.g. cloud)</td>
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<tr>
<td>7. Plan and conduct ‘future ways of working’ pilots to test/apply HR operating model changes (e.g. use recruitment to test the utility of sector-level HR centres of expertise to scale and apply expertise)</td>
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### Future HR Capability: Key recommendations (2 of 2)

Preparing for the ‘work of the future’ will require a deep understanding of workforce changes, new skills and ways of working, as well as a strong capability to manage multiple and complex workforce transitions.

<table>
<thead>
<tr>
<th>Report Recommendations</th>
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<tbody>
<tr>
<td><strong>Talent management:</strong></td>
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<tr>
<td>8. Create ‘Strategic Mobility’ committee and framework that works across government to source and manage workforce capability needs</td>
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<tr>
<td>9. Develop a sector talent platform to enable executives and non-executives to engage in mobility and project opportunities, and to manage their careers</td>
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<tr>
<td>10. Introduce work level standards for non-executive roles to support sector mobility</td>
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<tr>
<td><strong>HR capability:</strong></td>
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<tr>
<td>11. Strengthen high priority HR capabilities across all levels of government (see p. 19)</td>
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<tr>
<td>12. Collaborate with internal and external sources (e.g. communities of practice, universities) to build sector and HR talent pipelines and skills/capabilities</td>
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<tr>
<td>13. Enhance HR professional skills and capabilities, including managing complex change, creativity and design, adaptability, advanced communication, learning, critical thinking, business acumen, insight generation, specialist organisational and role design</td>
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<tr>
<td>14. Adjust the capability sets being recruited into HR to address identified capability gaps</td>
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<tr>
<td><strong>Workforce relations/transition:</strong></td>
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<td>15. Develop new industrial parameters to facilitate cross-sector mobility, multiple careers, gig economy, and incorporate employee safeguards</td>
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<tr>
<td>16. Implement ‘work of the future’ workforce transition framework, processes, governance to manage workforce transitions resulting digital disruption</td>
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<tr>
<td><strong>HR function:</strong></td>
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<tr>
<td>17. Shift HR purpose from ‘managing people’ to ‘managing human capability’</td>
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<td>18. Conduct a campaign to lift HR service understanding across sector leadership, and align senior stakeholder and HR leader views on HR performance</td>
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<tr>
<td>19. Shift to HR working with business using time-limited, multidisciplinary squads focused on delivering better HR services and products more rapidly to HR customers</td>
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Desktop Research Summary

To provide meaningful improvements from this HR capability assessment, a research/literature review was undertaken to identify critical change drivers that are impacting and reshaping the NSW public sector’s workforce.

**Future Skills**
- Shifts in what ‘human’ skills are used to do work
  - In general, human workforces will use higher order cognitive skills (including complex problem solving, critical thinking, and creativity), digital literacy, advanced communications, and adaptability
  - Customer focused jobs will require enhanced social interaction skills and emotional intelligence. Design thinking and ‘Agile skills’ will be important
  - Some roles (e.g. healthcare) will require greater use of fine motor skills
  - Specialists roles will require advanced data analysis

**Future of Government**
- Around the world, trust in government is at an all-time low, citizen expectations are rising, and government finances are under stress. The gap between citizen expectations and government’s ability to meet them has never been greater. The current industrial age model of government needs to change radically to close this gap.

**The Future of Work**
- Jobs will be redesigned and augmented by emerging technology - human-machine collaborations
- Demographic shifts, plus use of diverse talent pools inside/outside organisations, will increase need for diversity of thinking and inclusive leadership/culture
- Work will be interconnected, flexible, mobile, collaborative
- New employment models will fill talent needs

**The Future of Organisation**
- Changes in how work is organised, and where it will be undertaken
  - Less physical/centralised, and more virtual/mobile
  - Less functional/hierarchical, and more leaderless - multi-disciplinary teams driven to deliver outcomes
  - Less permanent functional units, and more temporary team based units/models
  - Organisations use scalable workforce ecosystems
  - Lighter governance, shared accountability

For detailed research summaries, refer to Appendix D
HR Capability Assessment

HR Capability Assessment: Taxonomy

Capability assessment findings use terms defined by Gartner CEB and PSC Capability Framework. Understanding terminology used by the ‘Practice Areas’ and ‘Capabilities’ categories will assist findings review.

HR Practice Areas:
- Manage Workforce
- Strategy
- Recruit New Employees
- Develop Employees
- Manage Existing Employees
- Enable Organisational Effectiveness
- Manage the Function

For a breakdown of HR Practice Areas, see Appendix A.

HR (Occupation Specific) Capabilities:
- Workforce Strategy
- Workforce Relations
- Talent Management
- Organisational Design
- Organisational Culture
- Employee Services
- Capability Framework

For more information on Capability assessment, see Appendix A.

Product Offerings:
- Policies
- Operations
- Solutions
- Strategies
- HR Approach
- Design
- Delivery
- Staff Capabilities
- Knowledge
- Competencies

For a breakdown of HR Functions, see Appendix A.

Mathematically linked*

* The HR Diagnostic Report uses mathematical relationships to correlate findings from the PSC CCC and Gartner CEB ID survey instruments.

Source: Appendix A - Report Approach
Draft for Discussion

HR Capability Assessment: Key Findings (1 of 9)

Department/agency leaders, HR Customers, and HR leaders rated six HR practice areas and 30 HR capabilities to identify mature HR practice areas, as well as HR practice areas requiring further development.

### Executive Insights

#### Play to existing HR Strengths

- "Manage Existing Employees’ and ‘Enable Organisational Effectiveness’ are essential HR practice areas for transitioning the NSW government workforce to the ‘work of the future’.

#### Prepare for major workforce transitions

- With major shifts in workforce skills predicted by 2050, one of the most critical challenges facing government is transitioning to workforces into a ‘digitally-enabled’ future. How well individuals move from one job to another, and how industries move from one labour market structure to another will be crucial to success.

#### Focusing efforts on creating the greatest impact

- A review of the top five most impactful capabilities for each HR practice area highlights a common set of capabilities which, if enhanced, could provide broad improvement across all six HR practice areas. These include: ‘Workforce Strategy’, ‘Manage Reform and Change’, ‘Talent Management’, ‘Organisation Design’, ‘Communicate Effectively’ and ‘Think and Solve Problems’.

#### Build common understanding of HR practice area scope, performance & value

- Perceptions held by Department/Agency Leaders, HR Customers, and HR Leaders vary considerably. Consider developing closer alignment on performance, value of HR practice area and capabilities.

#### Improve HR capabilities using a range of initiatives

- When considering capability improvements, respondents focused mainly internal initiatives to address capability gaps. Department/agencies reported primary improvement initiative as ‘Review HR structure and/or role design’.

- To address gaps, apply external initiatives (e.g. external talent acquisition, industry collaborations), plus prioritising other initiatives (e.g. improved funding, governance changes), in addition to HR re-design.

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*Report findings should be read as ‘indicative findings’. Findings are based on surveys conducted during the period June 2017 – June 2019.

Sources: Deloitte analysis, Appendices C&D.
During ‘voice of the customer’ interviews (Oct/Nov 2017), Department/agency Leaders expressed their perspectives on the key/holistic challenges facing NSW government sector, as well as HR-related ‘strategic enablers’

**Considerations for NSW Government Sector:**
- Assess senior leader ratings with recent ‘People & Culture’ goal setting exercise. Confirm priorities align with both the short/medium term and longer term challenges which require sector attention
- Resolve misalignment between senior leader perceptions of ‘Talent Management’ and ‘Workforce Strategy’ (i.e. seen as a high priority enablers) and HR Leader ratings of these capabilities as current capability gaps

**Strategic Enablers: HR perspective**

Perceived Sector/Cluster Challenges

- Election 2019/MoG
- Talent
- Acquisition/Retention/Mobility
- Sector Capability
- Mix/Reference/Development
- Budget/Financial Pressures
- AI/Automation/Digital Impact
- Culture/Customer Centricity
- Future Workforce/Composition/Management

Strategic Enablers: HR perspective

- Talent Management/Mobility
- Workforce Strategy/Workforce Planning
- Leadership Alignment/Development
- Capability Development
- Culture Change

**Source:** Qualitative interview data collected from Department/agency Leaders

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In addition, Department/agency Leaders reported there were specific activities that HR functions were effectively performing, and those that required improvement an assessment of HR practices (Oct 2017)

**Secretary Views on HR Practice: Effective Practices**

- Coaching others to resolve work matters
- Assessing culture & developing strategies
- Guiding recruitment & selection decisions
- Coaching managers to manage performance

**Secretary Views on HR Practice: Improvement Areas**

- Knowledge retention and management
- People practice accept
- Facilitate workforce mobility
- Assess turnover and retain best talent
- Create career pathways and develop and deploy resources

**Considerations for NSW Government Sector:**
- Investigate differences between senior leadership responses and other assessment findings. For example, why is ‘Workforce Strategy’ considered a strength by senior leadership, but considered a ‘gap’ by HR leader? Develop solutions to address perception misalignment
- Prioritize the five capabilities identified as requiring improvement. These capabilities will be crucial in managing workforce transitions

**Source:** Qualitative interview data collected from Department/agency Leaders
HR Capability Assessment: Key Findings (5 of 9)

HR Customer strength ratings were consistently higher than those provided by Benchmark data, Department/agency Leaders, and HR Leaders. Ratings differences between HR Customers and HR Leaders require further investigation.

Considerations for NSW Government Sector:
PSC and ED HRs should consider the following:
- Suggest improvement of Talent Management to strengthen the ‘Manage Existing Employees’ and ‘Develop Employees’ HR practice areas.
- Organisational Design and Workforce Insights should be prioritised for improvement.
- Also analyse reason for Business Enabler capability rating difference for Finance and Technology (see Appendix C, Fig 3.5).

Source: Appendix C - HR Diagnostic NSW Public Sector (Average) Report

HR Capability Assessment: Key Findings (6 of 9)

Current Sector Priorities, and Stages of Implementation in the recent June 2018 Snap Survey

Considerations for NSW Government Sector:
PSC and ED HRs should consider the following:
- Review broader report findings and agree a common set of sector-wide ‘People & Culture’ priorities.
- Departments/agencies pursue both high priority sector as well as specific department/agency priorities.
- Play to strengths in specific departments/agencies to grow, and then share specific capabilities across the sector.

Observations:
- There is broad alignment between these results and feedback from Department/agency leaders.
- Every cluster had Diversity and Inclusion initiatives in their list of priorities.
- Implementation of Strategic Workforce Planning initiatives is a high priority for respondents.
- Flexible work was a common theme within Culture priorities.
- Themes in ‘Other’ included priorities around HCM & Workforce Analytics, Work Health & Safety strategy, and Mobility.

Observation:
Just over 60% of the priorities are an ‘early idea’ or recently commenced initiative. Given the changes that are rapidly reshaping jobs and work, how can more initiatives be implemented quicker, and in parallel, to ensure the NSW government workforce is ready for the digital age?

Source: PSC June 2018 Snap Survey - 2018-19 People & Culture Priorities

Implementation Status: 2018-19 People & Culture Priorities

Source: PSC June 2018 Snap Survey - 2018-19 People & Culture Priorities
Draft for Discussion

HR Capability Assessment: Key Findings (7 of 9)

Of the 30 capabilities assessed, six capabilities have emerged as highly impactful to overall HR practice area performance.

Highest Impact Capabilities for each HR Practice Area

1. Organisational Culture
2. Talent Management
3. Workforce Strategy
4. Organisational Design
5. Influence and Negotiate

Develop Employees
1. Organisational Culture
2. Work Collaboratively
3. Talent Management
4. Organisational Design
5. Influence and Negotiate

Manage Existing Employees
1. Manage Reform and Change
2. Think and Solve Problems
3. Talent Management
4. Manage Self
5. Communicate Effectively

Recruit New Employees
1. Workforce Strategy
2. Manage Reform and Change
3. Think and Solve Problems
4. Talent Management
5. Communicate Effectively

Manage Workforce Strategy
1. Workforce Strategy
2. Manage Reform and Change
3. Think and Solve Problems
4. Demonstrate Accountability
5. Manage Self

Enable Organisational Effectiveness
1. Manage Reform and Change
2. Think and Solve Problems
3. Organisational Design
4. Workforce Strategy
5. Procurement and Contract Management

Manage the Function
1. Organisational Design
2. Communicate Effectively
3. Manage Reform and Change
4. Manage Self
5. Finance

Enable Organisational Effectiveness
1. Manage Reform and Change
2. Think and Solve Problems
3. Organisational Design
4. Procurement and Contract Management

Considerations for NSW Government Sector:
- Focus on strengthening all six highlighted capabilities: Workforce Strategy, Manage Reform and Change, Organisational Design, Talent Management, Communicate Effectively, and Think and Solve Problems.
- Strengthen Manage Self (continuous learning) capability in HR Practitioners. Prepare HR practitioners for major workforce transitions as emerging technology solutions (e.g., AI, automation) are deployed, and jobs/work/skills undergo major shifts.

Source: Appendix C – HR Diagnostics NSW Public Sector Average Report

Draft for Discussion

HR Capability Assessment: Key Findings (8 of 9)

During interviews, Department/agency Leaders and HR Customers highlighted their key concerns; leadership and culture; workforce strategy, analytics and management; capability development; and future workforce.

Leadership & Culture
- Executive teams that are united in delivering key strategic outcomes, behaviours and actions that realize high performance over time.
- Create better customer centricity and consider impacts of policy implementation on our people.

Workforce strategy, analytics & management
- Clarity of workforce strategy and alignment of activities is important.
- The most critical areas are workforce strategy and planning.
- Need to embed accountability for the quality of data into our HR practices, including data governance.
- Need to be outcomes oriented, evidence based, data driven.
- Develop and source predictive analytics skills.

Future Workforce
- Are we ready for the digital age across the sector? We have a long way to go and the future is already upon us!
- Use of AI and its impact on our workforce.
- Ready to address this challenge?

Capability development
- Biggest future threat is need to build greater change management capability and support.
- HR function should develop new managers differently.
- Critical issue for the future will be retaining managers and capability.

Workforce planning and other data will be the key to our future success.

Issue 1: the current experience of women and an ageing workforce.

Need to increase diversity by attracting more women.

Aging workforce is a key challenge. What are we doing to retain knowledge?

Are we doing to retain knowledge?

Develop and/or source predictive analytics skills.

Critical issue for the future will be retaining managers and capability.

These ‘concern themes’ reinforce and reflect similar findings arising from HR diagnostic surveys, as well as the desktop research review.

Source: Qualitative interview data collected from Department/agency Leaders and HR Customers
HR Customers also raised a range of tactical issues which require action in order to create a better operating context for improving HR practice areas and capabilities:

- Limited strategic workforce planning. Where it exists, it is not integrated with corporate planning or organisational strategic directions.
- Limited data/analytics capacity. Where undertaken - workforce data focused, no link to business or finance data.
- HR systems not well evolved, often not integrated.
- Some 'operational' processes not working well, seen as inefficient/bureaucratic (e.g. recruitment) and absorb a considerable proportion of HR resources.
- HR workforce rule-driven, not principles-driven; typical HR staff 'like people' or 'helping' rather than analytical, business-focused, etc. This has implications for capabilities sought in HR recruits.
- Big focus on leadership/management, less on long term talent planning/development.
- Mobility is seen as important for effective resource allocation, capability development and career path options - but cultural and systems barriers exist.
- Specific problems facing smaller agencies (the "irreducible workload").
- HR function seen by its organisational clients as operational, not strategic.

Considerations for NSW Government Sector:

- PSC and ED HRs should consider the following:
  - Specific focus on addressing the 'irreducible workload' facing smaller agencies by exploring how larger department capabilities can be leveraged, use of emerging technology to augment HR practitioners, and/or centralising key "sub"-functions to scale for broader use across clusters/the sector.
  - Unlock the benefits of across-sector talent mobility by collaborating on resolving culture and systems barriers.

**Future HR Capability - Recommendations**
**Future HR Capability: Key recommendations (1 of 3)**

Preparing for the ‘work of the future’ requires a deep understanding of potential workforce changes, and a strong capability to manage complex workforce transitions.

**Recommendation Structure:**

Recommendations have been selected and prioritised for their potential to enhance current HR practice areas/capabilities, as well as prepare the NSW public sector for major changes in: (1) the way government operates and is organised; (2) workforce composition and the way work gets done; and (3) predicted shifts in human skills required to be successful.

Two time-based categories have been used to support decision-making:

1. Short term (5) of 0-6 months, or
2. Longer term (5) of 6-18 months

For each recommendation, improvement impacts on occupation-specific HR capabilities (high, medium, low) and primary implementation responsibility have also been proposed. Recommendations are assigned for implementation to NSW PSC (PSC), all entities within the sector (Sector), or to individual Departments/agencies (D/a).

### Draft for Discussion

#### Future HR Capability: Key recommendations (1 of 3)

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**Timeframe No. Recommendations* Timing Impact Resp.**

### Draft for Discussion

#### Future HR Capability: Key recommendations (2 of 3)

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**Timeframe No. Recommendations* Timing Impact Resp.**
Future HR Capability: Key recommendations (3 of 3)

Preparing for the ‘work of the future’ requires a deep understanding of potential workforce changes, and a strong capability to manage complex workforce transitions.

* It is suggested that Departments/agencies use this report’s findings and recommendations to further explore their specific context and challenges. This report’s recommendations can be used to evaluate existing strategy plans, and as a basis for developing future-focused workforce strategies. Additional insights and recommendations are proposed throughout this report.

Source: Deloitte analysis

Appendices
Appendices

A: Report Approach
B: Data Attributes
C: HR Diagnostic NSW Public Sector (Average) Report
   - Detailed Findings
D: Desktop Research Summaries

Appendix A: Report Approach
HR Capability Diagnostic: Approach to Instrument Analysis

Mapping and linking data sources enabled development of insights that were not possible from individual assessment instruments.

Approach Description:
A range of surveys were undertaken as part of this Diagnostic Instrument:
• Capabilities, Culture & Conditions Survey (CCC)
• Gartner CEB Business Alignment Tool (BAT);
• Gartner CEB Ignition Diagnostic (ID);
• People Matter Employee Survey 2017 (PMES);
• Diagnostic Instrument comparison using respondent assessments of HR function

These sources, as well as the People Matter Employee Survey (PMES 2017), were combined to form a range of perspectives on the current state of the HR Function within each contributing Department/agency.

The visualised approach (see right) shows that the ID and Capability surveys express the HR Leaders’ assessments and the BAT, PMES, and BAT depict the Department/agency Leaders’ and Customer assessments.

Based on this data landscape, assessments were aggregated and developed into a holistic view of all Department/agency respondents.

The data was then assessed through three key analytical lenses.

Data Landscape: Visualisation, Respondents & Linkages

Three Analytical Lenses
- Performance vs Importance
- Data Source Interaction
- Limitations vs Enablers

Data Source Interaction
- Performance
- Importance
- Self Assessment vs Customer Assessment
- Limitations vs Enablers

HR Capability Diagnostic: Specific Data Mapping

Practice Areas
- HR Capabilities
- HR Function
- PMES Metrics

Capabilities
- Workforce Strategy
- Workforce Relations
- Workforce Insights
- Talent Management
- Organisational Design
- Organisational Culture
- Employee Services

Functional Objectives and Activities:
- Manage Workforce Strategy
  i. Identify and Manage Competencies
  ii. Review Talent
  iii. Develop a Workforce Plan
  iv. Communicate Strategy

- Manage HR Functional Design
  i. Manage HR Budget
  ii. Manage HR Vendors

- Manage HR Staff
  iii. Manage HR People

- Manage HR Technology
  iv. Manage HR Systems

- Manage HR Budget
  v. Manage HR Capital

HR Function
- Communicate Effectively
- Commit to Customer Service
- Work Collaboratively
- Influence and Negotiate
- Think and Decide
- Manage and Develop People
- Inspire Direction and Purpose
- Optimise Business Outcomes
- Manage Reform and Change

HR Capability
- Communications Skills
- Customer Relationship Management
- HR Technology Management
- Change Management
- Organisational Development
- Learning and Development
- Knowledge Management
- Change Management
- Leadership Competencies
- Business Acumen
- Strategic Thinking and Planning
- Leadership Effectiveness
- Adaptability

PMES Metrics
- Customer Focus
- Development and Growth
- Engagement
- Job Satisfaction
- Perception of Diversity
- Performance Management
- Role Clarity
- Senior Leadership
- Supportive Management
- Work Ease
- Workplace Morale

Currently Provided:
- Customer Focus
- Development and Growth
- Engagement
- Job Satisfaction
- Perception of Diversity
- Performance Management
- Role Clarity
- Senior Leadership
- Supportive Management
- Work Ease
- Workplace Morale
HR Diagnostic Data Metrics & Availability by Department/agency

For the Department/agency aggregation, respondents were averaged to one score per Department/agency. Department/agencies were given equal weighting, and values were averaged to produce a collective aggregate.

Appendix B: Data Attributes
Draft for Discussion

**Data Attributes: Recognising different sources**

It is important to note that the information contained in this report, along with individual Agency Findings Reports, are indicative findings and capture the assessments of Department/agency respondents only

- Not all Departments/agencies participated in the Diagnostic, and each Department/agency had a different number of respondents.
- The findings in these reports may not be representative of the wider views of the NSW public sector.
- This report contains data visualisations. Instructions on interpreting these data visualisations are provided in the HR Diagnostic Analysis Guide.

**HR Capability Diagnostic: Features Explained**

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Survey Used</strong></td>
<td>The Diagnostic Instrument comprised four data sources, with each data source consisting of an HR self-assessment and an assessment made by a Customer. A subset of the People Matter Employee Survey data was also included in the analysis. A list of these surveys is provided on page 10.</td>
</tr>
<tr>
<td><strong>Sample Size</strong></td>
<td>The number of respondents who completed the surveys was comparatively small and there was a lot of metrics. Therefore, the results from these surveys are indicative only. 23 Departments/agencies participated in the Diagnostic exercise with some respondents completing both customer and self-assessment surveys. As most of the surveys were anonymous, it is difficult to identify which surveys have overlapping responses.</td>
</tr>
<tr>
<td><strong>Data Mapping</strong></td>
<td>Manual mapping of the data metrics was required to align customer and self-assessments. This mapping was undertaken by HR subject matter experts. Not every Department/agency completed every survey resulting in missing values at times. This also impacts the Department/agency respondents aggregations. Equal weighting has been given in the Department/agency respondents aggregation.</td>
</tr>
<tr>
<td><strong>Time Delay/Staff Turnover</strong></td>
<td>The Diagnostic Instrument was released in August 2017 and since then there has been staff movement and organisational change within the surveyed Departments/agencies. This may affect the accuracy of the current state view of the HR function.</td>
</tr>
<tr>
<td><strong>Terms &amp; Definitions</strong></td>
<td>The definitions of the HR practice areas and some capabilities are provided by Gartner CEB. The remaining capabilities are those in the NSW public sector Capability Framework (version referred to as the Capability Framework) and the NSW public sector HR occupation specific capabilities. Definitions are provided in the HR Diagnostic Analysis Guide.</td>
</tr>
<tr>
<td><strong>Leading Practices</strong></td>
<td>Findings from a leading HR practices review undertaken by Deloitte have been incorporated where relevant to present wider HR industry considerations to the survey results.</td>
</tr>
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**Appendix C: HR Diagnostic NSW Public Sector (Average) Report – Detailed Findings**
Draft for Discussion

Placeholder for HR Diagnostic Report
Excel File
<to be replaced by pdf version of report>

Appendix D: Desktop Research Summaries
A confluence of factors (e.g., demographic, socio-economic, technological) is shaping what happens to the way governments operate in the future, as well as how government services evolve to meet citizens' changing needs.

### Mega Shifts Shaping the Future of Government

**Shift 1: Government as an enabler, not a solution provider**
- Increasing focus on developing societal solutions from outside government, build service platforms, engage in partnerships to tackle large social issues, mobilise crowdsourced campaigns, and encouraging use of public-private partnerships.

**Shift 2: Made-for-me service delivery**
- By 2030, many public services will be personalised and available from home and mobile devices. Services may not be available in service centres and the delivery in-person to constituents is largely redundant. This will reduce office delivery.

**Shift 3: Distributed governance**
- Government functions will be co-created by citizens, allowing public organizations to work with citizens to build, test and deliver better public services. Technology will make it possible to distribute services to citizens. Crowdfunding initiatives will enhance innovation.

**Shift 4: Data-smart government**
- Predictive modeling and other types of data analysis will allow the public sector to focus more on prevention, instead of just reaction and remediation. Analysis will give governments the ability to test potential solutions in advance.

**Shift 5: Alternative forms of government funding**
- Technology provides various alternatives to fund services and other initiatives. Crowdfunding, investment in social impact bonds, results-based financing, government pricing and pay-as-you-go will increase.

**Shift 6: Just-in-time civil service**
- Workforce changes in the public sector's talent model are possible. One option governments apply is for consulting staffing models to their workforce. Employees won’t stick to departments, but instead will move from project to project.

**Shift 7: A new basis for national prosperity**
- Society has evolving attitudes about what defines success. Future policymakers must focus more on prevention, and well-being will be required. This will place new demands on government.

### Survey Findings

Core workplace skills have been mapped to understand likely skills shifts through to 2030. Key findings include:
- Automation will accelerate the shift in required workforce skills. Demand for basic digital skills as well as advanced technological skills such as programming will increase by 55 percent.
- Demand for higher cognitive skills will grow moderately overall, but will rise sharply for some of these skills, especially creativity.
- Basic cognitive skills, which include basic data input and processing, will decline by 15 percent.
- Demand for physical and manual skills, which include general equipment operation, will drop by 14 percent.
- Skill shifts will play out differently across sectors. Healthcare, for example, will see a rising need for physical skills, even as demand for them declines in manufacturing and other sectors.
- A new emphasis on continuous learning for workers and a shift to more cross-functional and team-based work.
- As tasks change, jobs will need to be redesigned and companies say they will need to become more agile. Independent work will likely grow.
- Leadership and human resources will also need to adapt; almost 20 percent of companies say their executive team lacks sufficient knowledge to lead adoption of automation and artificial intelligence.
- Competition for high-skill workers will increase, while displacement will be concentrated mainly on low-skill workers.

### Skills Shift Findings (2018)

<table>
<thead>
<tr>
<th>Basic cognitive</th>
<th>Higher cognitive</th>
<th>Emotional</th>
<th>Technological</th>
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<tr>
<td>2030</td>
<td>105</td>
<td>161</td>
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### Considerations for NSW Government Sector:

- PSC and ED HRs should consider the following:
  - Collaborate across the sector to manage large-scale retaining and other future transition challenges.
  - Collaborate with educators to reshape school and college curricula.
  - Work with industry associations to build talent pipelines, skills and capabilities.
  - Collaborate with unions to help facilitate cross-sector mobility.
  - Strengthen safeguards for workers in transition and encourage mobility, including a shift to portable benefits, as ways of working and the workplace itself are transformed in the digital era.

Source: Skills Shift - Automation and the Future of the Workforce, March 2018; McKinsey Global Article
Automation and the Future Workforce

Research Summary 2: Skills Shift – 2030

Understanding how specific skills shifts will occur across the NSW government sector will assist HR functions to adjust their operating models, reposition services, and support their departments transition to the digital era

Adjust their operating models, reposition services, and support their departments transition to the digital era.

Managing successful and timely workforce transitions, at an individual and industry level, will be crucial for Australia’s future success.

Change Drivers: ‘A Perfect Storm’

- Mindset Shift: Treat a mini-degree in lifelong learning with employees, and provide flexible training opportunities.
- Organisational Set-up: More agile corporate structures featuring less hierarchy and more collaborative team networks.
- New Collar Jobs: Activities will be re-located between workers with different skill levels, creating a new set of middle skill positions.
- Workforce Composition: The booming gig economy will lead to a rise in the use of independent contractors and freelancers.
- C-Suite and HR Changes: Senior leadership and key functions will also need to adapt, including a change in CEO mindset and talent strategies to orchestrate the changes.

Considerations for NSW Government Sector:

- Undertake a skills analysis to investigate the likely impact of AI and automation use on government jobs across the NSW public sector.
- Build specialist organisational design and role design capabilities in preparation for changes to jobs and structures.
- Note: Skills shifts will vary by industry. (e.g. Healthcare is the only sector in which physical and manual skills use is predicted to grow. This reflects gross motor skills and strength needed for occupations such as eldercare and physical therapy, plus fine motor skills required of registered nurses, and of surgeons and other doctors).
- Undertake a skills analysis to investigate the likely impact of AI and automation use on government jobs across the NSW public sector.
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Research Summary 3: Digitally Enabled Workforce - 2035

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- Build specialist organisational design and role design capabilities in preparation for changes to jobs and structures.

Australia’s ‘Work of the Future’ Challenge – Managing Workforce Transitions

- Addressing the challenges of the ‘work of the future’ is not just about digital disruption. A range of technological, economic, social, environmental and geopolitical trends must be considered. As we plan for a future which includes economic growth, productive industries, rewarding careers, cohesive communities and improved quality of life, a thorough understanding of these trends will assist in making best strategic choices.
- Governments, companies, communities and individuals all have a role to play in delivering a positive future. The most critical challenge to be addressed is ‘workforce transitions.’ How individuals move from one job to another, and how industries move from one labour market structure to another will be crucial to success. Although change is inevitable, future destinations are not. Individuals, communities, companies and governments can identify and implement transition pathways that achieve better outcomes.

What about the Millennials?

- In addition to recognising these change drivers, the impact of Millennial employees should be considered:
  - By 2020, Millennials will represent 50% of the global workforce, and 75% by 2035.
  - Millennials think differently about work;
    - 59% believe attendance at the office is not required on a regular basis; 51% believe they will stay in a job less than 3 yrs. It costs $US414 to replace a millennial.
    - Millennials are motivated by meaning, purpose and impact. They want learning, feedback, recognition, fun and flexibility from their work.
  - Millennials want a positive relationship with their boss, are open to change, and are less (not time) oriented.
  - Millennials are tech savvy and want same technology tools in their jobs as they use in their personal life.

Sources:
- CSIRO (2016) Tomorrow’s Digitally Enabled Workforce
- Jacob Morgan – Future of Work Researcher

Important, but declining

- Physical and manual tasks together with skills that are key today will experience a stark decline in coming years including:
  - Basic data input and processing
  - Basic literacy, numeracy and communication
  - General equipment operation and navigation

Important and growing

- Advanced communication
- Advanced IT and programming
- Critical thinking skills.

Limited and declining

- Gross motor skills

Limited, but growing

- Advanced data analysis
- Complex information processing
- Adaptability
- Teaching and training
Research Summary 3: Digitally Enabled Workforce - 2035 (2 of 3)

Megatrends are gradual and deep-set trajectories of change that will at some point reshape the business and policy environment.

CSIRO sees six megatrends for jobs and employment markets over the coming twenty years:

1. The second half of the cheapskate: Exponential growth in device connectivity, data volume and computing power, combined with rapid advances in automated systems and artificial intelligence means that robotic devices will perform many tasks more safely, efficiently and cheaply than humans. This technology is transforming supply chains, reshaping workforces, and redefining jobs. As we move beyond 2020 and into the second half of the cheapskate, 44 per cent of jobs in Australia are potentially at high risk of computerisation and automation. Many new jobs will also be created by technology.

2. Porous boundaries: The new world of “platform economics” is changing employment markets and organisational structures. The peer-to-peer (P2P) economy is expanding into many areas. While freelancing has not yet taken hold in Australia, it is a large (and growing) employment model in other countries.Companies may opt for staffing models which include a smaller number of core staff, with many other roles provided by the freelancer or portfolio worker community. Jobs of the future are likely to be more flexible, agile, networked and connected.

3. The era of the entrepreneur: The ideal job within a large organisation may not be awaiting an increasing number of future job seekers. This means individuals will need to create their own jobs. This will require entrepreneurial skills and aptitudes. Digital technology works to the advantage of tomorrow’s entrepreneur. Digitally enabled models of lean innovation (the fast fail approach) operate at low cost and scale up rapidly. Digital provides options for new market entrants to gain a foothold, compete with longstanding incumbents and access a global market. Entrepreneurial skills are likely to be increasingly important for small business founders and employees within large organisations.

4. Divergent demographics: Along with many other advanced and emerging economies, Australia’s population is ageing with growing life expectancies. Retirement ages are likely to push back further and an organisation’s employee profile is likely to contain more diverse age groups and more diverse cultural backgrounds. The rising prevalence of diet and lifestyle related chronic illness and an improved understanding of mental health are likely to see these issues feature more prominently in the human resource strategies of large organisations.

5. The rising bar: Increased use of automated systems is raising the complexity of tasks and requiring higher skill levels for entry-level positions. Income growth in Asia is associated with increased educational and skills levels, as well as growing competition for Australia’s labour force. Many new jobs are being automated. The consequence is the likelihood of a raised skills and education bar for entry into many professions and occupations. However, the quality of education and training is also improving in Australia.

6. Tangible Intangibles: Employment growth in the service industries, in particular education and healthcare, has driven job creation in recent times. This is likely to continue into the future as we move to a knowledge economy. Service sector jobs requiring social interaction skills and emotional intelligence will become increasingly important. Also within this megatrend are the new expectations of younger generations entering the workforce. They are connected, technologically advanced, creative and entrepreneurial, and have new perspectives on desirable work environments, ethical issues and communication style.

Considerations for NSW Government Sector:

- What is the demand for offices and workspaces? How should a more agile, networked and connected population of portfolio workers be ‘accommodated’?
- Should (and how should) government transition to a more freelance workforce?
- How to licence (for both employers and employees) insured government regulators within a freelance workforce which may be delivering a large volume of micro transactions across jurisdictional borders?
- What is the demand for offices and workspaces? How should a more agile, networked and connected population of portfolio workers be ‘accommodated’?
To address challenges posed by continual marketplace and technological disruption, as well as workforce changes, organisations are investing in more flexible and adaptable ways to structure their workforce and service delivery.

### Research Summary 4: Agile Organisations

Agile organisational models will start to go mainstream. What does being agile mean? Being agile means having the flexibility to continuously evolve with the ability to rapidly adapt to market changes and steer the organisation in a new direction.

Organisations are structured as networks of cross-functional, scalable teams which are designed to be easy to change, and adjust composition and duration over time to meet fluctuating demands. These teams are organised by specific outcomes rather than traditional functional service delivery and consist of people with a diverse range of skills that are transferable across multiple teams.

These networks of teams (for example: Tribes and Squads) need to be empowered and supported through purpose, leadership, technology, work spaces, and processes. To be effective, they need to be shared goals amongst the workforce which are driven by a purposeful vision and mission statement. Leaders need to take a coaching approach to encourage, motivate and enable team members rather than just manage work. Supporting all these are the technologies and processes that enable connectedness within the workforce. Outcomes based decision-making is embraced, as opposed to hierarchical approvals.

### Considerations for NSW Government Sector:

- PSC and ED HRs should consider the following:
  - Use Enterprise Agile organisation models/principles to improve departmental agility and customer responsiveness
  - Conduct agile organisational design pilots in citizen-facing units, or in areas like policy/service/program design to support such units
  - Investigate how these models and principles impact workforce management, and propose changes to traditional HR functions

### Practice Summary 1: Talent Management

Improving HR Maturity

Preparing organisational workforces for the ‘work of the future’ will require HR functions to build capability and implement initiatives in 13 specific ‘talent management’ capabilities.
Draft for Discussion

Practice Summary 2: Diversity & Inclusion
Empowering teams through shared vision, purpose and meaning

As organisations shift into the digital era, work will increasingly be done by multi-disciplinary teams, with diverse skills and backgrounds. Greater empowerment, openness, and inclusive leadership/ways of working will be required.

Deloitte’s Diversity and Inclusion practice recommends seven key actions for organisations to leverage the benefits of diversity and inclusion:

1. Recognise that progress will take a ‘culture reset’
2. Create shared purpose and meaning by broadening the narrative to diversity of thinking and inclusion
3. Build inclusive leadership capabilities
4. Take middle managers on the journey
5. Nudge behaviour change by reworking processes and practices
6. Strengthen accountability, recognition, and rewards
7. Pay attention to diverse employees and customers

Considerations for NSW Government Sector:

PSC and ED HRs should consider the following:

• Focus on creating visible diversity within leadership teams, levels, and cohorts
• Build diversity of thinking and inclusive ways of working as part of the ‘Business Enabler’ capability across NSW government sector workforce
• Build inclusive leaders by improving self-awareness/cognisance of bias, creating psychologically safe work environments, increasing ability to collaborate with others, delegate and empower teams, and adjusting risk tolerance to support innovation

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Draft for Discussion

Practice Summary 3: High Impact HR Operating Model
Elevating the HR Function

As HR Leaders focus the HR function on adding sustained value to the business, it has become critical to link the HR strategy, HR services, and the HR operating model design to directly align with business strategy.

Core Elements of a High Impact HR Operating Model:

1. HR Customers remain at the center and with a bigger voice than ever, driving a critical focus on workforce experience
2. Digital workplace empowers and connects the workforce
3. Workforce insights are used to inform the business strategy
4. The model’s strength is fluid interactions
5. HR Operational Services delivers inquiry, data and specialised services, generating capacity for other HR components
6. Business HR uses data and insights to deploy workforce solutions that ensure the business is capable of achieving its strategy
7. Communities of Expertise connect expertise to develop relevant, data-driven, and experience-designed workforce solutions
8. External Networks & Partners extend the HR community beyond its walls and add more credibility to workforce solutions
9. HR Leadership partners with the business to set the HR vision, culture and priorities that deliver the business strategy
10. HR Enablers (policies and processes, data, metrics) are fundamental to fueling the credibility and impact on the business and HR customer

Considerations for NSW Government Sector:

PSC and ED HRs should consider the following:

• Use external networks/partners to create a HR capability ‘ecosystem’ (e.g. partner with Universities, AHRI)
• Apply ‘Agile’ principles to redesign and reposition HR services

Draft for Discussion
Case Study – Agile Organisations
Bankwest

Bankwest changed its approach to managing technology projects by adopting ‘Agile’ principles and methodologies. It was so successful, the Bank’s leaders decided to embrace and apply these principles to the wider organisation.

Challenge:
Bankwest experienced various issues with its broker platform and more widely, needed to meet changing customer preferences for more digital banking products. It also needed to stay competitive in a marketplace that is rapidly changing and being disrupted by new technologies.

Solution:
To ensure sustainable business outcomes, Bankwest adopted agile principles to its organisational design:

- Create Tribes and Squad Leaders to organise and manage the workforce and break down silos. Tribe Leaders are equivalent to General Managers.
- Implement 90-day plans for each Tribe to define the strategic direction and business outcomes required.
- Squad Leaders are ‘Customer Outcome Owners’ who are responsible for achieving the desired customer outcome for a specific product/service.
- Implement Capability Managers instead of People Managers.
- Create a ‘Strategic Mobility’ committee that work across government, and within clusters, to address specific workforce capability needs (e.g. shifting talent to address a specific Premier’s priority).

Business Impact:
Quantitative business impacts are not yet known as Bankwest is currently in its transformation journey with two Tribes being launched in November 2017 and February 2018, and a further three Tribes being launched in June 2018.

However, reported employee feedback indicates the following organisational practices have improved:

- Silo-thinking is less prevalent, and functional silos are being broken down to improve workflows.
- A more efficient and digital approach to resource management (Bankwest previously used manual spreadsheets to manage staff mobility).
- Shift in organisational behaviour from being delivery focused to capability focused and customer outcome driven.
- Agile approach with prototyping and testing, plus greater analytics use have improved product speed to market, and is creating differentiating customer experiences.

Case Study – Diversity & Inclusion
Westpac Banking Corporation

Committed to fostering greater female participation in its leadership ranks through various initiatives, Westpac became the first Australian bank to have 50 percent women in leadership positions in 2017.

Challenge:
Westpac needed to address a number of hurdles in order to stay competitive in the challenging financial services market:

- The company needed to focus on strengthening its financial position while at the same time improving its efficiency.
- The HR team needed to help the company shift its cultural mindset about hiring in order to eliminate unconscious bias.
- The organisation needed efficient methods for establishing talented women in leadership positions.

Solution:
Because it believes that diverse workforces are more innovative—bringing together varied perspectives, dynamic insights, and better decision-making—Westpac actively invests in programs to attract and develop women leaders. To achieve this, the bank launched the Equilibrium program annually based on work experience, psychometric assessment, and an interview. Participants come from both within the bank and other industries.

- Identifies internal and external female talent: The bank selects at least 10 women for the Equilibrium program annually based on work experience, psychometric assessment, and an interview. Participants come from both within the bank and other industries.
- Provides extensive training to build industry knowledge and leadership capabilities. The program begins with an intensive “induction” period. This is followed by a 12-month rotation program designed to expose participants to various areas of the business and provide on-the-job experiences. Participants also attend classroom and online learning sessions that cover leadership skills, operational and functional capabilities, and how to manage change as a leader, among other topics.
- Supports participants both during the program and after completion. Participants of the build, build, and grow elements from the program are selected as a “buddy.” A placement manager serves as a day-to-day leader for participants, guiding daily tasks and sharing business knowledge.

Business Impact:
The program has met its challenging goal of achieving 50 percent women in leadership positions by October 2017—making Westpac the first Australian company to reach this milestone. The company’s business leaders deeply value the diversity of thought program participants bring to the business.
Case Study – Diversity & Inclusion

Toronto-Dominion (TD) Bank Group

TD Bank Group systematically embedded diversity and inclusion practices into its company culture by building awareness, engaging stakeholders, and establishing accountability.

Challenge:
To build a strong talent pipeline and a diverse and inclusive culture, TD Bank decided to improve its diversity and inclusion (D&I) practices. However, it faced key challenges:
• As a multi-national bank, TD must comply with numerous D&I regulatory requirements
• TD’s primary markets are comprised of diverse communities (e.g., immigrant, aboriginal, disabled).
• Nearly 50 percent of senior leadership was eligible to retire within five years.
• TD needed to increase number of women holding senior management positions.
• Lack of trust expressed by LGBTQA (lesbian, gay, bisexual, transgender, and allied employees) in Bank’s intentions regarding career prospects.

Solution:
To safeguard future success and maintain its dominant position, TD:
• Led with its leadership. To drive change within the organization and signal the importance of D&I from the top down, TD formed a DLC comprised of senior executives (and a CEO champion).
• Narrowed its focus. The DLC met monthly and immersed itself in five essential D&I areas to analyze, understand, communicate about, and take action on.
• Clearly communicated. The company consistently communicated message(s) of support for D&I to its employees, customers, and potential customers. TD embraced D&I across its entire range of internal and external communications.
• Primed its talent pipeline. To fill the gaps expected in leadership roles as long-standing employees retired, TD implemented group mentoring programs for its female employees, including sessions about topics such as career planning, networking, and work-life balance.
• Nurtured a community. To cultivate a culture of acceptance for its LGBTQA employees and customers, TD explicitly included this community in its national advertising and hosted regular networking and mentoring events for local employees.

Business Impact:
From 2005 to 2014, women and visible minorities at the VP-plus level, located in Canada, increased 12 percent and 8.5 percent, respectively. Also, as of 2014, the bank continues to increase inclusion and representation among people with disabilities (6.4 percent) and aboriginal people (1.4 percent) within its workforce. TD dramatically increased its outreach to minority groups (e.g., members of Black and Hispanic MBA organizations) as well.

From 2012 to 2015, TD was named one of Canada’s best diversity employers, and in 2013 and 2014, it was named one of the top 50 employers by DiversityInc. In the United States, the Human Rights Campaign Foundation (HRCF) named TD a “Best Place to Work for LGBT Equality.” The company maintained a perfect score of 100 percent on the HRCF’s corporate equality index from 2009 to 2014.

Considerations for NSW Government Sector:
PSC and ED HRs should consider the following:
• Broaden definition of diversity to recognize both ‘visible’ diversity and diversity of thinking.
• Adjust leader accountability measures (Sec to Dir levels) to including building diverse teams.
• Measure outcomes related to establishing diverse teams, diversity of thinking, and inclusive ways of working.

Source: Bersin by Deloitte

Integrity, Trust, Service & Accountability

Draft for Discussion
ITEM No. 7. Senior Executive Fundamentals Launch.

ISSUE: Senior Executive Fundamentals (SEF) – *an induction resource for senior executives in the NSW government sector*

RECOMMENDATION:

That the Deputy Secretaries Leadership Group note the:

1. Launch of the SEF on **Tuesday 11 September 2018**.
2. Communication to the sector and strategies to assist Departments/agencies to embed and integrate the resource into their internal systems.

Background

Identified as a priority by the sector and following extensive sector consultation (Department, agencies and senior executives), the PSC has developed and is due to launch an online induction resource for senior executives in the NSW government sector – Senior Executive Fundamentals (SEF).

The SEF provides, in the one spot, key information critical for a senior executive to “survive & thrive” in the first 12-18 months. It is also an enduring “just-in-time” reference guide for senior executives throughout their career within the NSW government sector, particularly when they change roles.

The SEF is a directory of information, providing an overview on a particular topic which then provides links to further information and relevant websites. Website content falls under the following six main topic areas:

- Getting Started
- NSW Government Context
- Overview of the NSW Public Sector
- Setting Directions, Delivering Results
- Senior Executive Relationships
- Senior Executive Obligations

There are currently 49 individual SEF webpages.

The Commissioner and the Secretary of the Department of Premier and Cabinet have co-authored the introduction to the SEF on the home page.

This resource contains information, directions and insights on a broad range of matters from the Premier’s Priorities: the ethical framework, parliamentary processes, cross-government collaboration, NSW legislative framework, policy development, dealing effectively with the
media, the budget process, conditions of employment, delegations, procurement and much more.

It is designed to complement existing sector-wide leadership capability initiatives and in-house Department and agency managed development programs.

The content was developed by subject matter experts in the PSC, Department of Premier and Cabinet, Department of Finance, Services and Innovation, NSW Treasury, Information and Privacy Commission and the NSW Ombudsman. The PSC will maintain the SEF and will liaise with content authors to ensure information remains relevant and up-to-date.

**Promotion of the SEF**

The SEF will be launched on 11 September 2018. The following communication channels are being used to promote the SEF:

- **PSC website**: the PSC website to contain a link to the SEF and it will be promoted in Workwise and via various executive forums
- **Communication to secretaries, agency heads and deputy secretaries**: the Public Service Commissioner will advise of the launch by email.
- **Communication package for agencies**: will be emailed to HR Directors. It aims to ensure that the SEF is embedded in internal systems and practice, including links on agency intranets, reference in offer letters and internal induction resources etc.
- **Identity Hub**: the SEF will be accessible from the Identity Hub.
- **Email alerts to senior executives**: using the GEN, an email alert system will send SEF updates to the following senior executives in the NSW government sector:
  - Public Service senior executives (*including those in the Ministry of Health*)
  - Transport Service senior executives
  - NSW Police Force senior executives.

Following advice from NSW Health, Health Service senior executives will not receive SEF alerts in the first instance. Senior executives can opt out from receiving future alerts at any time.

*Contact Officer: Jennifer Perry, Director, Workforce Strategy, T9272 6047*

ISSUE: Launch of the whole of sector communications strategy and policy guidance for flexible working

RECOMMENDATION:

That the Deputy Secretaries’ Leadership Group note the release of these initiatives.

1. Background

Premier Baird announced in March 2016 that all NSW government sector roles would be flexible on an ‘if not, why not’ basis by 2019, and requested the PSC lead the implementation. Clusters agreed to provide $2.8 million (FTE basis) between January 2018 and December 2019 to fund the PSC to work across the sector to develop programs and initiatives.

To determine which initiatives the sector most required, the PSC established a fixed-term Flexible Working Committee (FWC) in February, with all clusters and a cross-section of separate agencies represented.

As part of this Committee’s work, clusters self-assessed how well flexible working is implemented across their cluster. The majority reported that flexible working was ‘ad hoc’; that is, while it may be in place, it is not well known, there are many biases and assumptions made around who can use it, and existing policy frameworks are either dated, incomplete or not well known. This indicated the majority of the sector is in the very early stages of implementation and required significant support.

On 11 July 2018, the Secretaries Board endorsed a program of work detailing four key work streams, delivered in three phases:

1. Engaging the sector and building awareness, including addressing perceptions of flexibility for different roles and types of work.
2. Increasing the capability of managers and leaders.
3. Reviewing workplace systems and tools.
4. Monitoring and measuring progress, and implementation governance. This includes a whole of sector Steering Committee. Note that as part of the new Premier’s Priority 9 monthly diversity reporting cadence at Secretaries Board, flexible work will be included in reports tracking target achievement, as a key enabler.

Detail of the initiatives within each stream, and when they will be available, are contained for your information in Appendix A.

2. Assessment of current state

Work has since commenced on phase one initiatives, and the PSC has now finalised the following for release:
Phase one initiatives now ready for release:

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Audience</th>
<th>Problem addressed: how it will support</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. A whole of sector communications strategy</strong> for agencies:</td>
<td>Agency internal communications and change teams. It will be sent to cluster communications contacts (provided by FWC) on 10 September.</td>
<td>To address the identified challenge of low awareness of flexible working, and the policy commitment.</td>
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<td>This includes:</td>
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<tr>
<td>• a brand mark (“works for me, works for NSW”)</td>
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<tr>
<td>• key messages</td>
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<tr>
<td>• suggested collateral and artwork</td>
<td></td>
<td></td>
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<tr>
<td>• guidance on optimal standards for implementation</td>
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<tr>
<td>• guidance on measures for success</td>
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<tr>
<td>The emphasis of the key messages is acknowledging the behaviours and beliefs we are seeking to encourage.</td>
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<tr>
<td>A summary of the communications toolkit is included as Appendix B. Note this is not the full strategy, just a sample.</td>
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<td><strong>2. Flexible working policy guidance kit.</strong> This includes:</td>
<td>For use by agency HR/IR teams. This was emailed to the FWC members and any other nominated contacts on 27 August 2018. These will be available online on 10 September 2018, and emailed to HRDs at this time.</td>
<td>To support the current state of flexible working policy reported by the majority of clusters (i.e. dated, incomplete or not well known).</td>
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<tr>
<td>• Best practice policy guidance</td>
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<td>• Example policy</td>
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<td>• Employee checklist for proposal preparation</td>
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<td>• Manager guidance for considering proposals</td>
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<td>• Definitions of flexible working</td>
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<td>• Proposal template</td>
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<tr>
<td>• Guidance on what not to include in a flexible working proposal</td>
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</tbody>
</table>
3. **Behavioural change collateral** to support agency initiatives. This includes:

- An analysis of **current state quantitative and qualitative data**, showing employee perceptions of flexible working, demographic use analysis across the sector, and how flexible working can contribute to solutions for business problems (such as unplanned leave rates and engagement scores).
- **‘Misgivings’**, which detail the concerns consistently raised by leaders, employees, managers and human resources professionals about flexible working, accompanied by simple answers that shift the focus away from perceived barriers to embedding good practices.
- **‘Personas’**, which reflect the way employees and managers have responded so far to flexible working, distilled into a series of characters that reflect the differing levels of understanding and flexible working adoption across the sector, with suggested solutions and strategies to challenge preconceived ideas and encourage engagement.
- **Case studies** of organisations further ahead in their flexible working implementation to highlight the business challenges they faced, and used flexible working to address.

For use by those leading the implementation of flexible working across their agencies (HR, change and communications). These will be available online on 10 September, and communicated to HRDs and the FWC at this time.

Developed via sector-wide focus groups, and shared with the FWC.

To address the biases and misgivings that agency implementation efforts will need to address in order to improve their employee rates of satisfaction with flexible working access, and perceptions of manager support.
The launch plan for this work is as follows, from 10 September 2018:

- Secretaries will be notified via email, linked to other PSC Advisory Board project work as tools to support cluster PMES results.
- HR Directors will be notified via email, with more detail provided of intent and objectives, and support for ongoing initiatives offered by the PSC (e.g. attending or presenting at internal working groups, presentations, training events).
- The Flexible Working Committee will be notified via email, and invited to share best practice via the PSC collaboration hub (People and Culture Connect)
- Communications leads will be notified via email, with all collateral provided as an online toolkit for adaptation to local context.

3. Recommendation

That the Deputy Secretaries’ Leadership Group note the release of the materials provided, and encourage their use within their agencies.

Phase 2 work is now underway, and this forum will kept advised of progress as the next phase of work becomes available.

_Siobhan Brahe, Principal Adviser, Public Service Commission, T 9272 6153_
Appendix A: Complete program of work

Phase 1 (January - June 2018): Develop and implement a program of immediate priorities

Phase 1 focus has been on understanding current state, and building the tools to engage the sector.

- Develop a whole of sector communications strategy for agencies to implement. This includes key messages, branding, minimum standards for implementation and measures for success, for use by agency internal communications teams.
- Draft flexible working policy guidance and a sample policy, for use by agency HR/IR teams.
- Analyse quantitative and qualitative data, and use these to develop personas and ‘mythbusters’ to address the concerns and misgivings across the sector in these tools. Provide case studies of best practice of organisations further ahead in their flexible working implementation to highlight the business challenges faced and addressed. These are for use by those leading the implementation of flexible working across their agencies
- Best-practice guide for job share and pilot (now being piloted)
- Data dashboard with employee survey responses, and pulse check survey for pilot sites (now being built)

In Phase 2 (July 2018 to June 2019): Build tools and programs and assess agency progress

Phase 2 will focus will be on assessing agency progress and building a significant number of tools and programs to assist agencies to fill any gaps identified. These include:

- Build an organisational readiness assessment, for agencies to gauge and then monitor their implementation progress, and identify any hotspots needing assistance;
- Build a change management strategy to assist agencies in implementation;
- Pilot and then run workshops on team-based approaches to flexible working;
- PSC roadshows to identify and address regional-specific issues;
- Establish a regular forum (or use other forums) to share best practice and success, including with selected private sector organisations.

Phase 3 (July to December 2019): Measure and support sustainability

Phase 3 will focus on measurement and support to ensure sustainability. The emphasis will be on re-calibrating anything not working as well as intended, publishing results, and identifying and supporting where more structural, long term systemic changes may be required (for example, HR and IT systems, or Awards).

The PSC is seeking nominations of executives from each of the 10 clusters. Nominees will provide comprehensive updates on progress on behalf of their entire cluster, and be able to internally influence their peers to galvanise agency/cluster efforts where required, and press for change, particularly in operational areas where there may be some resistance. Committee membership may evolve over time, should the business problem being addressed evolve.