Performance Development Framework

NSW Public Sector

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Available at: www.psc.nsw.gov.au/performance

Publication and contact details

Foreword

One of the Public Service Commission's imperatives is to build a high-performance culture in the NSW public sector, where the capabilities of the workforce are aligned with performance and organisational objectives.

Good performance development is about managing all aspects of employees' performance consistently, equitably and transparently. A key part of this process is ensuring that there is open and honest communication between employees and their managers about performance against defined capabilities and performance indicators.

The public sector has long been required to implement performance management systems, but has struggled to maintain these systems after initial implementation. This was highlighted in the results of the 2012 People Matter Employee Survey, which told us that the good practice of performance conversation between employees and their managers is not consistent across the sector.

In 2012, the NSW Government enacted legislation requiring the heads of public sector agencies to develop and implement performance management systems for their staff. Under this legislation, I am also required to issue guidelines on the essential elements of performance management systems. This provision has been brought forward into the new *Government Sector Employment Act 2013* which is expected to commence in late 2013. The NSW Public Sector Performance Development Framework provides these guidelines.

The Framework (mandatory elements) and the suite of supporting reference guides and tools (non-mandatory) are the result of 12 months of collaborative effort by departmental representatives and the Public Service Commission. The Framework's development process was rigorous and incorporated feedback from a wide range of stakeholders.

The Framework represents a shift aimed at improving the culture in the sector to manage and develop workforce capabilities and performance. It aims to raise the bar for performance management and drive continuous improvement to achieve best practice.

The Public Service Commission will review the Framework regularly to support ongoing improvements in performance management across the sector and to ensure it is aligned with further workforce management reforms.

However, legislative provisions and a framework alone will not change culture. Changes require every employee to understand that managing for performance is about collaboration and shared responsibility to optimise performance.

By improving performance, we can increase productivity and ensure all of us are engaged and enthusiastic about the work we do.

Graeme Head
Commissioner

What is the Performance Development Framework?
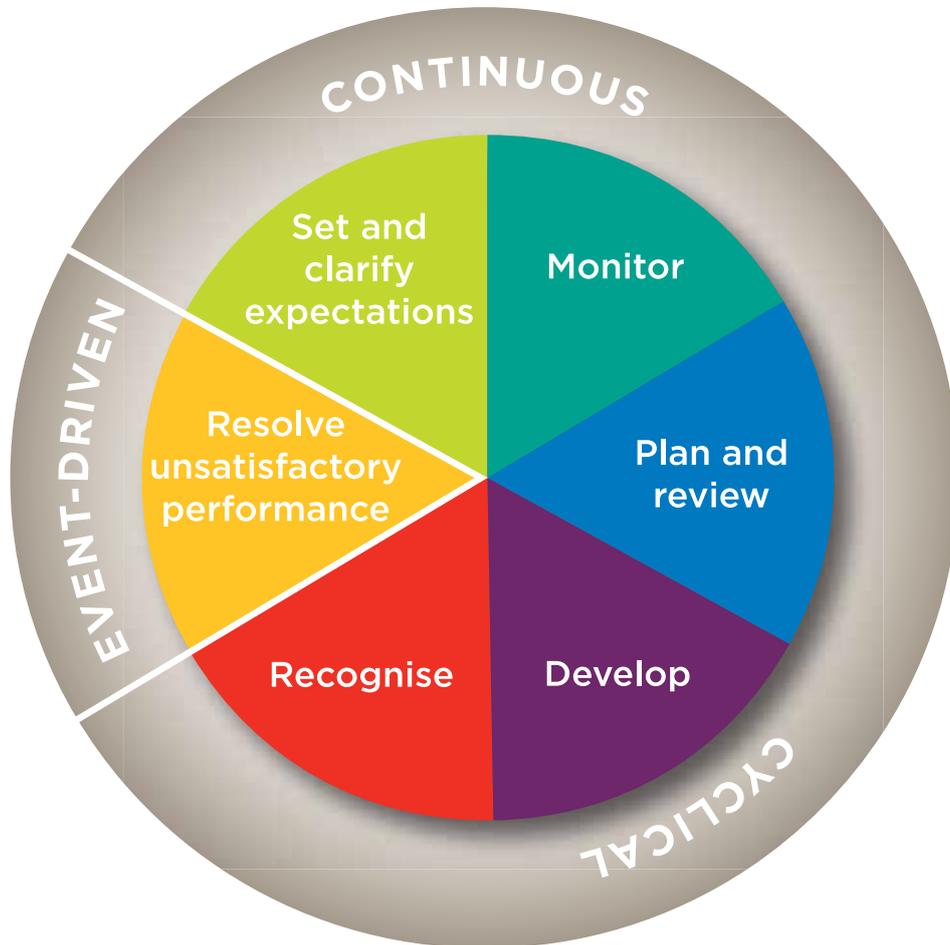
Figure 1: Components of the Performance Development Framework

According to legislation[1], all public sector agencies must have a performance management system that meets essential elements and guidelines set by the Public Service Commissioner.

The NSW Public Sector Performance Development Framework contains these guidelines and sets the approach for managing all aspects of employee performance in the NSW public sector.

The Framework consists of six components that develop employee capabilities and link individual and team efforts and performance with the objectives and performance of their organisations.

Each of the six components has essential elements that define the mandatory benchmarks for agency performance management systems. These are set out in Table 1.

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[1]   Section 67 of the *Government Sector Employment Act 2013*.

Table 1: Components and essential elements of the NSW Public Sector Performance Development Framework

	Component	Essential elements
CONTINUOUS	**Set and clarify expectations** Collaborative process between manager and employee to set performance expectations and clarify them on an ongoing basis.	• Each employee has an up-to-date description of their role, including required capabilities and responsibilities, linked to the organisation's strategy. • All employees understand the public sector values, the capabilities required of them in their roles, and the deliverables for which they are accountable. • All employees are aware of the codes of conduct, policies, procedures and standards they are expected to observe. • All new employees (in the sector or the team) undergo a review process that includes informal and formal reviews.
	Monitor Ongoing joint evaluation of progress towards achieving work goals and expectations, involving regular two-way feedback.	• All employees have regular opportunities to discuss their work with their manager and receive informal feedback on their performance (either individually or as a team). • All employees have the opportunity to provide informal and formal feedback (through a structured assessment method) to their manager.
CYCLICAL	**Plan and review** Collaborative process between manager and employee to plan performance, linked to corporate objectives, with periodic reviews of progress towards achieving work goals.	• All employees have an annual formal performance agreement with their manager that sets out individual performance objectives linked to corporate objectives as well as the capabilities they are required to demonstrate in their role. • Performance agreements for all executives who have financial accountability include mandatory performance objectives set out in Appendix A. • Performance agreements for all employees who have responsibility for managing people include mandatory performance objectives set out in Appendix B. • All employees have a formal performance review at least once a year. • Formal performance reviews are to inform all assessments for incremental salary progression; payment of increases determined by the Statutory and Other Officers Remuneration Tribunal (SOORT); and any contract renewal.
	Develop Collaborative process to identify and develop employees' capabilities with periodic reviews of progress.	• Development plans are based on the capabilities required in the role, the employees' existing capabilities, and his/her performance objectives and/or career goals. • Progress against development plans is formally reviewed at least once a year.
	Recognise Regular practice of recognising employee efforts and excellent performance outcomes and achievements.	• Agencies have guidelines in place to help managers appropriately recognise employees at the local level.
EVENT-DRIVEN	**Resolve unsatisfactory performance** Process of addressing employee unsatisfactory performance.	• Managers promptly work with the employee to understand and resolve instances or patterns of unsatisfactory performance.

Who does the Framework apply to?

The Framework applies to all employees in the NSW public sector.

Agencies may vary its application to casual and temporary employees who are employed for less than three months[2]. However, it does not apply to:

- state-owned corporations
- employees of labour hire agencies

- non-government employees, such as employees of organisations contracted to provide services to or on behalf of a government agency
- employees in specialist classifications who are also covered by performance management provisions enshrined in an award, agreement, piece of legislation or some other instrument[3].

What frameworks are available for managing for performance?

The Performance Development Framework provides a holistic approach to developing employee performance, based on capabilities.

Capabilities are the knowledge, skills, and abilities that must be demonstrated by public sector employees to perform their roles effectively.

Each of the six components of the Performance Development Framework shown in Figure 1 sets out important practices that connect, align and develop employees' capabilities to achieve organisational and sector results. They aim to build a shared understanding of what organisational, team and individual success look like, and how it can be achieved and maintained.

This shared understanding is achieved through ongoing two-way performance discussions between managers and employees.

These discussions help both managers and employees to understand their respective roles and responsibilities, the standards expected of them and how to develop the capabilities required for success.

The Public Service Commission will regularly review the Framework to support ongoing improvements in performance management across the sector and to align with further workforce management reforms, including the redeveloped cross-sector NSW Public Sector Capability Framework[4].

The two Frameworks will provide important platforms for developing employee performance in the sector.

While each component of the Performance Development Framework is closely linked, they are not designed to be applied sequentially. Instead, they each serve a purpose and are applied individually, or in combination, depending on the situation.

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[2] The practical application of the Framework to casual and temporary staff will vary depending on the role and length of employment. 'Set and clarify expectations', 'monitor' and 'recognise' good performance apply as a minimum, regardless of role or length of employment. Other essential elements apply for longer periods of employment, e.g. three months or more.

[3] These provisions will take precedence over the Framework. However, it is preferable for these arrangements to broadly align with the Framework over time.

[4] The Capability Framework describes 'core' capabilities expected of all public sector employees, as well as other common capabilities that only apply to some roles. For example, people leadership capabilities for roles that include supervisory responsibilities.

Who is responsible for managing for performance?

The Performance Development Framework recognises that good organisational performance is the result of the combined efforts and achievements of a highly capable workforce. As illustrated by Figure 2, every employee plays an important role in helping to achieve organisation and state-wide objectives and outcomes.

Directors-General and agency heads are legally required to develop and implement performance management systems for their staff. The Public Service Commissioner is legally required to issue guidelines on the essential elements of performance management systems in agencies. Directors-General are required to ensure that all agencies within their department meet, or have plans in place to actively work towards, the essential elements described in the Framework.

In addition to their people management accountabilities, executives are responsible for linking performance management systems with organisational planning, systems and processes. They are also responsible for engaging and developing the workforce of their organisation to achieve outcomes and leading by example in using the Framework.

Managers are responsible for:

- setting clear performance objectives
- building capability to ensure organisational objectives are met
- building capability to ensure continual development and success
- monitoring performance
- providing regular and ongoing feedback to develop and maintain performance
- collaborating within and across work units

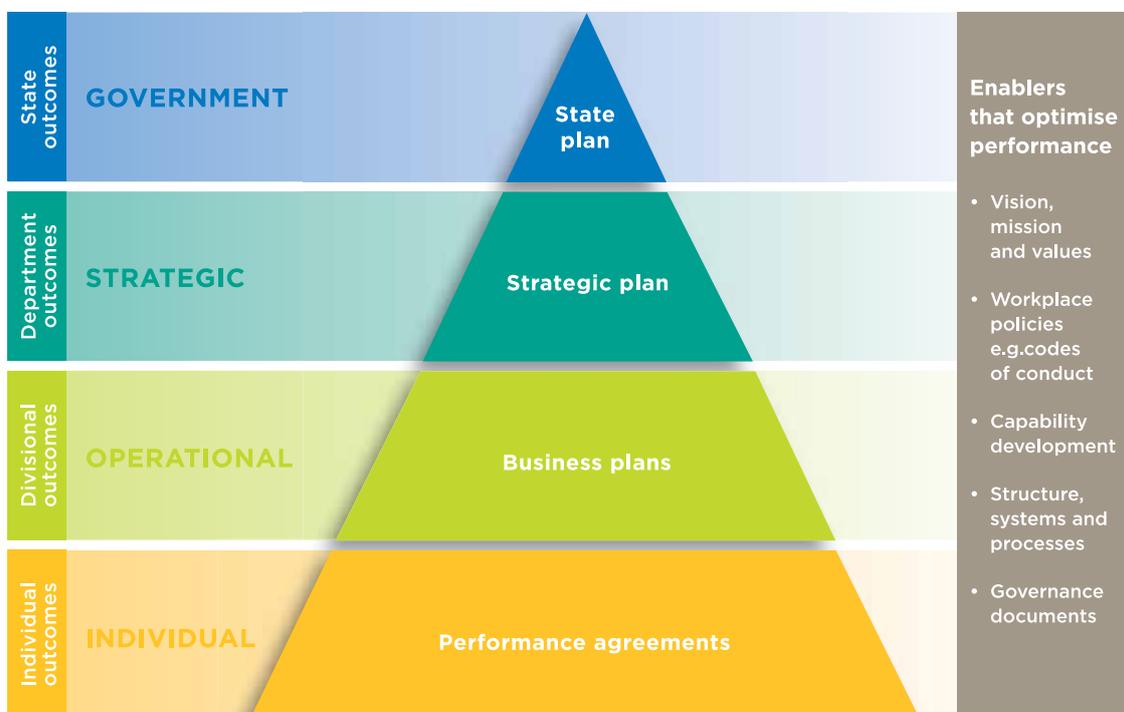|		Enablers that optimise performance
State outcomes	**GOVERNMENT** — State plan	
Department outcomes	**STRATEGIC** — Strategic plan	• Vision, mission and values
Divisional outcomes	**OPERATIONAL** — Business plans	• Workplace policies e.g.codes of conduct • Capability development
Individual outcomes	**INDIVIDUAL** — Performance agreements	• Structure, systems and processes • Governance documents

Figure 2: How individual objectives feed into state-wide strategies

- seeking and receiving feedback from their manager or senior executive and their employees, to drive their own development
- having structured conversations with employees about their performance, development needs and career aspirations
- honestly and openly addressing underperformance.

Performance agreements for all executives who have financial accountability must include mandatory performance objectives set out in Appendix A. These objectives are part of a range of measures approved by Government to significantly improve financial management in the NSW public sector.

Performance agreements for all employees who have responsibility for managing people must include mandatory performance objectives set out in Appendix B. These objectives, focused on people and capability management, are one of a number of public sector reform initiatives aimed at improving workforce management across the sector.

All employees are responsible for:

- developing their own performance to meet expectations and achieve their objectives
- actively contributing in all aspects of performance management
- having open and honest conversations with managers and colleagues
- providing feedback to managers
- openly receiving feedback
- proactively driving their own development with the support of their managers.

Appendix A:

Mandatory performance objectives of executives managing budgets

Financial management

	Director-General	Chief Executive Officer	Chief Financial Officer	Executive-level budget holding operational managers
Budget compliance – operating	The Cluster has operated within its approved net cost of services limit, without any negative impact across the forward estimates.	The Agency has operated within its approved net cost of services limit, without any negative impact across the forward estimates.	The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency operated within its approved net cost of services limit, without any negative impact across the forward estimates.	The Executive manager has operated within his/her operating budget (budgeted expenses and, where relevant, revenues).
Budget compliance – capital	The Cluster capital program has been delivered within approved capital expenditure authorisation limits.	The Agency capital program has been delivered within approved capital expenditure authorisation limits.	The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency capital program has been delivered within approved capital expenditure authorisation limits.	The Executive manager has operated within his/her capital budget.
Budget compliance – employee expenses	The Cluster has operated within its approved Labour Expense Cap.	The Agency has operated within its approved Labour Expense Cap.	The Cluster/Agency CFO has provided appropriate information and advice to their DG/CEO to ensure that the Cluster/Agency has operated within its approved Labour Expense Cap.	The Executive manager has operated within his/her labour expense budget.

	Director-General	Chief Executive Officer	Chief Financial Officer	Executive-level budget holding operational managers
Delivery of savings	The Cluster savings measures incorporated into the Budget are supported by rigorous implementation plans.	The Agency savings measures incorporated into the Budget are supported by rigorous implementation plans.	The Cluster/Agency CFO has provided appropriate information & advice to the DG/CEO to ensure that savings measures incorporated into the Budget are supported by rigorous implementation plans.	The Executive manager has incorporated rigorous implementation plans into the Budget to achieve savings measures.
Management reporting	The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.	The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.	The Agency has consistently provided accurate financial returns to Treasury in accordance with specified deadlines.	N/A
Statutory reporting	The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.	The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.	The Agency has provided annual financial accounts to audit in accordance with specified deadlines and accounts are signed off by the Auditor-General without qualification.	N/A

Appendix B:

Mandatory performance objectives for everyone managing people

People and capability management

People and capability objectives	Director-General	Chief Executive Officer	Executive	Operational manager
Managing for performance	The Agency has a performance management framework in place that is linked to the corporate planning system.	The Agency has a performance management framework in place that is linked to the corporate planning system.	All employees in the division have a current performance agreement that is clearly linked to organisational objectives and is reviewed annually.	All employees in the business unit have a current performance agreement that is clearly linked to organisational objectives and is reviewed annually.
Workforce planning and development	The Agency has a strategic, systematic approach to align its workforce capability and capacity with the organisation's current and future priorities and objectives.	The Agency has a strategic, systematic approach to align its workforce capability and capacity with the organisation's current and future priorities and objectives.	The division implements strategies to align its workforce capability and capacity with the organisation's current and future priorities and objectives.	The business unit implements strategies to align its workforce capability and capacity with the organisation's current and future priorities and objectives.