Te Kawa Mataaho
Public Service Commission

Capability Review Programme

Self-Review Guide for Agencies

June 2023

Contents

Purpose of this Guide

This document outlines how agencies should undertake a Self-Review using the Agency Capability Model. It covers:

- why agencies might undertake a Self-Review, and
- how to undertake a Self-Review, including the process involved, the main steps, key success factors, and supporting templates and tools.

Why undertake a Self-Review?

A Self-Review helps senior leaders to think about the future direction of the agency and articulate it in a "future excellence horizon". It also supports senior leaders to identify the challenges and opportunities that the agency may come on its journey to achieve the future excellence horizon. There are two reasons why an agency might undertake a Self-Review.

Reason 1: An agency is undergoing a Capability Review

One of the first steps of an Agency Capability Review is an agency led Self-Review. The Self-Review helps to:

- **Focus the review:** it positions the senior leadership team to have a constructive initial engagement with the Lead Reviewers about opportunities, challenges, and possible areas of focus for the Review
- **Collate evidence**: a Self-Review provides background and evidence that Lead Reviewers can test and use during the review to inform their judgements.

Reason 2: An agency seeks to independently use the Capability Model to assess capability

An agency may choose to apply the Agency Capability Model independently of an Agency Capability Review process for a range of purposes, including to:

- systematically assess and understand its capability strengths and weaknesses
- test and validate its capability improvement and change programmes
- underpin business strategy and planning processes
- provide assurance to external stakeholders including Ministers, clients, customers, and citizens.

We encourage agencies to conduct their own Self-Reviews where they think the process could be of value. When initiating their own Self-Reviews, agencies are welcome to adapt the Model to suit their context (for example, it might make sense to focus only on the future excellence horizon part of the Model). Depending on workload and availability, the Commission may be able to provide advice to agencies seeking to undertake their own Self-Review, independent of an ACR process.

For further information, please email capabilityreviewteam@publicservice.govt.nz. For general information about the Capability Review Programme visit our website.

Principles and factors supporting a successful Self-Review

Agencies should focus on the following principles and key factors to ensure they get the most out of a Self-Review.

Principles of a Self-Review

The following principles should underpin the planning and delivery of a Self-Review:

Improvement

The Capability Review programme is all about improvement. To get benefit from the review the agency needs to be prepared to challenge itself.

Future focused

The Future Excellence Horizon contextualises the Self-Review. The exercise should not be an audit or report card on past performance.

Collaborative and participatory

The team conducting the Self-Review and the agency leadership team need to work together to create the Future Excellence Horizon.

Judgements informed by evidence

Self-Reviews involve judgements which are informed by evidence.

Low cost and minimise disruption

Self-Reviews are short to minimise cost and disruption to the agency.

Key success factors for a Self-Review

The following factors support successful Self-Reviews. An agency should seek to establish and commit to the following factors:

Mandate

The Chief Executive (and chair for a Crown entity) should provide the mandate for the Self-Review team to conduct the Self-Review.

Commitment

The Senior Leadership Team need to commit to the Self-Review, which includes enabling the Self-Review team to do what they need to progress the process.

Sponsorship

We recommend that a second-tier manager should be the sponsor for the Self-Review.

Starting point

The Self-Review should draw on the agency's existing strategic framework as a starting point.

Open and honest

Engagement in the Self-Review process – including discussions and other input – should be open and honest to provide the best insights into the agency. This will ensure Lead Reviewers have the best information to inform the review process.

How to conduct a Self-Review

An agency participating in an Agency Capability Review (ACR) should progress their Self-Review through the three phases described in this section. Agencies undertaking a Self-Review under their own initiative may also follow the steps outlined below.

Phase One: Initiation

Initiation lays the pre-conditions for a successful Self-Review. During the initiation phase, the agency should:

1. establish a Terms of Reference for the Self-Review
2. establish a Self-Review team
3. identify external support
4. communicate the Self-Review to the agency.

1. Terms of Reference

The Terms of Reference establishes the mandate given by the Chief Executive for the review. It ensures the senior leadership team has visibility of the review and its scope.

A Self-Review Terms of Reference template is available on the Commission's website.

2. Self-Review team

The Self-Review review team (i.e. the team within the agency leading and conducting the Self-Review) conducts the Self-Review which includes undertaking research and analysis, conducting discussions as required, making judgements, writing up findings, and working with the leadership team to finalise the review.

Keep the following factors in mind when assembling the review team:

- team members need to have the right skills, experience, and interest in the Self-Review
- the team should be small, with no more than five to seven people depending on the size of the agency. However, the team also needs to have the range of skills needed to cover all of the Agency Capability Model elements
- there needs to be a project manager who has a good knowledge of the agency and project management methods
- part-time or full-time involvement can work, although timeframes will be different
- team members should come from different parts of the agency to ensure a wide knowledge of the agency, otherwise the team will need to gain this knowledge – for example, through research and consultation
- good and frequent reporting lines to the review sponsor are required, with clear decision-making and 'no surprises'.

Tip: It is important to gain the commitment of the agency, and in particular the senior leadership team, to the Self-Review. The senior leadership team needs to understand the Self-Review's value to them and the objectives need to be clear. The Terms of Reference help to confirm this.

Tip: Keep scope broad to include all or as many aspects of the Model as possible. The value of any Capability Review is in taking an overall view of the agency, including delivery and capability. A Self-Review is intended to help the leadership team (and the Lead Reviewers for an Agency Capability Review) to identify the greatest value the agency can provide. Limiting the scope can focus attention on the current context or state.

Tip: It can be useful to include a team member who has been involved in a previous Self-Review (this includes both the Capability Review Programme or the earlier Performance Improvement Framework (PIF), either internally or at another agency). Based on those experiences, the person can provide an independent view and experience of what works.

3. External support

The Public Service Commission's Capability Review Team, Lead Reviewers, and agencies that have previously conducted Self-Reviews can provide support to an agency's review team. Agencies undertaking a Self-Review as part of a Capability Review process should discuss support needs with their Capability Review Manager. For agency-initiated Self-Reviews, please contact the Commission at capabilityreviewteam@publicservice.govt.nz.

Forms of support can include:

- training for the review team
- advice on what worked from agencies that have conducted good Self-Reviews
- advice and support to the Self-Review team
- involvement in discussions, focus groups, and workshops
- facilitating strategic discussions and assistance with the development of the Future Excellence Horizon
- moderating the report and ratings
- help with workshops and presentations as the findings are moderated and presented.

4. Communication

- The agency's Chief Executive should inform all staff about the decision to undertake a Self-review. This communication should describe the capability framework, the benefits of the review process, and why this review matters to the agency.
- Once the Terms of Reference are agreed, the review team appointed, and the work plan established (this step occurs in Phase Two: Planning), the Chief Executive should communicate key information to staff, which includes outlining where staff may be involved in the review process. Communication with staff during and after the review is important to support engagement across the agency with the review process and any subsequent response to review findings.

Phase Two: Planning

During the planning phase, the review team prepares for the review phase. Preparations include:

1. Team training
2. Agreeing the approach to evidence gathering
3. Developing a work plan
4. Identifying and gathering documents
5. Defining government priorities and core functions

1. Team training

The Commission will provide a training session to review teams undertaking Self-Reviews which are part of an ACR process. This training will introduce the Agency Capability Model, and provide further insights into best practice for a Self-Review team.

Depending on the Commission's Capability Review Team resources, it may be able to offer training to review teams of agencies undertaking self-initiated Self-Reviews.

2. Evidence gathering approach

The review team should confirm with the Self-Review's sponsor the method(s) it will use to generate evidence. This discussion should consider how to generate answers to the questions posed by the Agency Capability Model, and how evidence can be documented and tested.

Possible evidence gathering approaches include:

- desktop analysis – the Self-Review team collects and analyses key documents to build on its existing knowledge of the agency. The team then makes collective judgements based on this evidence
- desktop analysis and internal discussions – the desktop analysis is validated by discussions and focus groups, which gather further evidence and help test the review team's judgements
- consensus – a small number of workshops are held with groups of agency leaders to gather evidence and make judgements on the framework's questions. The results of the workshops are then synthesised.
- bottom-up – a number of workshops are held throughout the agency to gather evidence and judgement on the framework's questions. Surveys of staff may also be used. The findings are validated with groups of agency leaders.

Tip: Make sure to document your evidence. This is particularly important for Self-Reviews undertaken as part of wider Capability Review processes as Lead Reviewers will often seek to review evidence to inform their judgements.

3. Work plan

The review team should meet early and agree the division of labour, and plan dates for key milestones. We recommend that this thinking is captured in a work plan.

The work plan should provide for:

- dedicated time to review documents and other information
- set times to discuss progress and findings
- end-of-day debriefs (if the team judges these to be valuable)
- regular check-ins with the review sponsor and the senior leadership team to highlight themes emerging.

Tip: We recommend six weeks to complete a Self-Review. It is important to maintain momentum and get insights out as soon as the evidence is collected. The agency should however consider the availability of resources and time when establishing its work plan – these factors may necessitate more time to undertake the Self-Review.

4. Gather documents

The review team should begin collecting documents well in advance of the review phase. The most important documents will be those that the agency uses to set directions and determine priorities.

Appendix A outlines a list of documents which can help an agency undertake a Self-Review.

Tip: It is expected that Self-Reviews focus on the collecting the most relevant documents rather than a large quantity of documents. Previously, many successful PIF Self-Reviews gathered no more than 20 to 30 core documents, and it is unlikely the agency's detailed policies will be required.

5. Define Government Priorities and Core Functions

The Agency Capability Model raises questions about the agency's capability to deliver on Government priorities and core functions. Government priorities and core functions should be defined early, following the guide outlined below.

For a Self-Review undertaken as part of a Capability Review the set of Government priorities and core functions should be agreed with the Commission, as they will be used throughout all stages of the review process.

Aspects of appropriate Government Priorities and Core Functions	
An evidence base	Government priorities and core functions should be evident in existing documents (such as Statements of Intent, Annual Reports, Estimates of Appropriations and Ministerial priority letters) and/or be defined in legislation.
A comprehensive and manageable set	**The set of Core Functions should:** • cover the key functions or activities of the agency • match the size and complexity of the agency (suggested limits are no more than seven for a large agency and no more than four for a small agency) • be prioritised to the most significant ie, small core functions may not be reviewed. **The set of Government Priorities should:** • consider Ministerial priorities • be appropriate to the size of the agency • be prioritised to significant priorities (based on size and impact) • be active – priorities that have been completed should not be reviewed.
Different and distinct results areas	Each core function area should as much as possible relate to one function or activity of the agency, Each core function should as much as possible be distinct from other core functions (ie, have minimal overlap) Each Government priority should be distinct from others. A Government priority and core function should not be identical (but may overlap).
Accountability	Core functions will not necessarily map to the agency's structure or match the way the agency is funded. But an agency senior leader should be able to speak credibly about the core function for the purposes of a Self-Review.
Written in a clear consistent style	Each Government priority and core function should be written in clear, simple language, with as much detail as required to explain it.

Phase Three: Review

The Review phase is when the review team gathers the evidence necessary, and then assesses that evidence using the Agency Capability Model. This is when the Self-Review generates its insights into agency capability.

As part of the review phase, the team needs to:

1. Define the Future Excellence Horizon
2. Undertake discussions, focus groups, and workshops
3. Draft the Self-Review report
4. Assign ratings
5. Peer review
6. Senior leadership team engagements
7. Senior Leadership Team Response.

1. Define the Future Excellence Horizon

The review team should work with senior leadership to develop the Future Excellence Horizon. The Guide to the Agency Capability Model and the Self-Review template contains further guidance on how to develop the Future Excellence Horizon.

2. Discussions, focus groups, and workshops

The review team should consider what the evidence (or lack of) is telling it about each of the capabilities and delivery areas and plan any discussions accordingly.

Tip: When preparing the Future Excellence Horizon the senior leadership team and the review team should start with the agency's existing strategic framework.

Discussions

Discussions should be arranged, with clear topics well in advance. We recommend to keep these discussions internal to the agency if they are part of a Self-Review undertaken as part of a Capability Review.

Invitees to the discussion should be sent background about the review's purpose, process, and what they can expect in the discussion. The invitee should not need to do any special preparation for the discussion. Make it clear that the discussion is confidential and comments will not be attributed.

These discussions should include at least two Self-Review team members: it makes the conversation easier and eases the burden of note taking and verification. Discussions should be open and future-focused.

The discussions may cover the following questions:

- what is the agency's role and purpose (from your perspective or role)?
- what are its current priorities? Are they likely to change over the next few years?
- how might it be operating differently in the future (over a medium term and longer term) and with what impacts and outcomes in mind?
- what does the agency do really well?
- what are the things the agency needs to get better at?
- what are the most important improvements the agency could make to lift its capability?
- how do you know if the agency is being successful?

Tip: Some Self-Reviews have included discussions with external stakeholders or customers, clients and other stakeholders. The Self-Review team needs to judge in each circumstance whether these insights are required (and cannot be gained from existing evidence).

Workshops and focus groups

Workshops can be used to gather evidence and make judgements on the answers to the capability model questions. Workshops however differ from focus groups which seek broad staff input ("pulse of the agency") rather than input on a particular question from the model. Both forums may be used to generate evidence to support the Self-Review.

3. Draft the Self-Review report

The review team will meet at key times to discuss findings, challenge each other, and find consensus. Drawing from these discussions, engagements with the agency's leadership team, and any other evidence collected throughout the Self-Review process, the review team will develop a draft report.

The report should be concise, setting out the key facts and judgements for each area. Any extensive analysis should be attached as appendices. The draft report should be thoroughly reviewed before it is distributed outside of the team.

A Self-Review report template is available for download from the Commission's website.

Tip: A Self-Review report prepared as part of a Capability Review should rigorously reference evidence in support of judgements presented in the report. The Lead Reviewers will want to understand the evidence and may want to trace back to it. Evidence sources may be recorded, for example, as footnotes or in appendices.

4. Assign Ratings

Ratings are an integral part of the capability models. Ratings help focus attention on areas requiring capability improvement. The review team should make draft ratings for validation with the agency's leadership team.

Ratings are made from a 'front windscreen', not a 'rear view mirror' perspective. A rating is based on an agency's capability to deal with the performance challenges in front of it, not how well it has achieved in the past.

Tip: It is important that those involved in a Self-Review understand the basis of a 'Developing' or 'Weak' rating and that even the most capable agencies are likely to have some of these ratings. For example, a 'Developing' rating may be because the agency has prioritised attention and resources elsewhere and the area or element in question may be able to be quickly remedied.

5. Peer review

The draft report and ratings should be peer reviewed. Peer reviewers should be individuals respected across the agency who can test whether the report is robust and supported by evidence and whether the ratings are consistent with the evidence and write-up.

External peer review may also be helpful for an agency-initiated Self-Review. The Commission's Capability Review Team may be able to assist if you want to explore external peer review options.

6. Senior leadership team engagements

The review team should check-in with the review sponsor and with the senior leadership team during the review on the themes emerging. The leadership team will want to discuss, engage with, and provide input into the emerging themes.

At the draft report stage the review team should present the key findings to the agency's senior leadership team. The senior leadership team will want to see that the report is evidence based and robust. The senior leadership team will participate in finalisation of the Future Excellence Horizon.

The senior leadership team may develop its own view of the ratings and compare them to the ratings made by the review team. This process of discussion and moderation between the review team and the senior leadership team may lead to changes to the report as it becomes final.

For a Crown entity, the senior leadership team needs to ensure the board is kept up to date on progress and has the chance to contribute at key points.

7. Senior leadership team response

The senior leadership team response is a statement which is included in the final Self-Review report. It is owned and drafted by the Senior Leadership Team. It acknowledges the Self-Review report and describes what it intends to do about the findings. Follow up actions signaled in the response should be appropriate given the future excellence horizon, and the impacts of these actions should be clear. The Agency Response needs to address the expectations of the agency staff and stakeholders who have contributed to the Self-Review.

Tip: Self-Reviews conducted as part of a Capability Review require a senior leadership team response which is included at the front of the Self-Review report. These responses do not have to be in-depth: it is enough for the response to signal the team's willingness to engage further with the Lead Reviewers and the review process.

Steps after completing a Self-Review

Once a Self-Review is complete, the final report (including the Senior Leadership Team Response) should be published internally. Agency staff contributors will expect to see the result of the process they participated in. Senior leaders should also use appropriate forums to discuss the findings of the Self-Review with their staff.

For Self-Reviews as part of a formal Capability Review

Once a Self-Review report is complete, the report will be sent to the Lead Reviewers. This report will inform a significant part of the conversation at the What Matters Meetings between the Lead Reviewers and Central Agencies, the agency's senior leadership, the relevant Minister, and key external stakeholders. The Lead Reviewers will also refer back to the Self-Review report when they pull their own report together.

For agency-initiated Self-Reviews

It is up to each agency to determine how it will take a Self-Review forward. At minimum, it should input into organisational strategy and planning processes. There will be opportunities to take the Self-Review findings further as they can:

- provide a catalyst for action
- support other continuous improvement processes and change programmes
- build a culture of continuous improvement
- give assurance to external stakeholders.

The findings also may point to the opportunity to provide enhanced value by improving or changing how the agency engages with other agencies that also interact with its customers.

Appendices

Appendix A – Self-Review Document List

Not all the documents listed here will necessarily be required. This list is a starting point from which to select those that may be useful for a reviewer applying the Agency Capability Framework.

General - Delivery

- Priorities – letters from Minister(s)
- Priorities – response from the Prime Minister
- Most recent Briefing to the Incoming Minister(s)
- Relevant legislation, in particular roles or functions
- Regulatory stewardship reporting e.g. strategy
- Statement of Intent/Strategic Intentions
- Annual Report
- Statement of Performance Expectations (Crown entities)
- Estimates appropriations information/data
- Reports and assessments of the quality of policy advice
- Strategies and plans relating to functional leadership roles (if relevant)
- Long-Term Insights Briefing

General - Capability

- Reports/Benchmarking from Functional Leads/System Leads

Leadership, culture and direction

- Long-Term Insights Briefing
- Senior leadership team and other leadership committees' terms of reference or charters
- Agenda and minutes from recent senior leadership team meetings
- Organisational chart – tier three level (with indicative size of Tier 2 business unit)
- Strategy and Accountability Documents (including Strategic Intentions, Annual Reports etc)
- Agency strategy/key papers
- Business model/strategy description
- Agency level business plan, if relevant
- Values/culture/behaviour description and any reporting
- Recent Minister 'quarterly' reports
- Recent Board reports (where relevant, including key advisory boards, such as Risk Audit Committees)
- Recent agency performance reports for senior leadership

Collaboration and delivery

- Sector strategy / key papers
- Fresh voice of customers
- Customer insights programme
- Fresh voice of stakeholders/Stakeholder insights
- Stakeholder engagement strategy
- Terms of Reference for membership of external groups
- Research and evaluation programme/plans
- Papers from significant reviews on core business areas/role of agency
- Information on business and financial planning processes
- Treaty settlement-based and other relationship agreements with iwi and Māori
- Agency Communication and Engagement plan

Workforce

- Fresh voice of staff/staff engagement survey
- Four-year workforce strategy (and/or People Capability Strategy)
- Whāinga Amorangi plan
- Workforce reports and statistical information
- Public Service workforce comparative data

Public finance and resource management

- Output plan – if not published
- Four-year Plan – if not published
- Finance Strategy/reports
- Asset management strategy/plans/reports
- Recent Gateway reviews
- Information management strategy/plan
- IT strategy/Information Systems Strategic Plan
- Audit management letter
- Internal audit programme & list of internal audit reports for last two years
- Risk management strategy/policies
- Privacy Self-assessment
- Protective Security Requirements Self-assessment
- Risk register or reports

External reviews

- Any recent reviews or evaluations
- Any recent OAG performance audits

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