



Public Service Chief Executive Performance Update

Date:	4 July 2023		
To:	Hon Andrew Little, Minister for the Public Service		
Action Sought:	Discuss this report with the Commissioner	Due Date	12 July 2023
Report No:	2023-0196		
Contact:	Thor Gudjonsson, Deputy Commissioner, System and Agency Performance		
Encl:	No	Priority:	Medium
Security Level:	IN CONFIDENCE		

Executive Summary

1. The Public Service Commission (the Commission) has reviewed the performance of Public Service chief executives against their 2022 performance expectations. Of the 611 expectations tailored to each chief executive, our analysis indicated 552 (91%) were fully met, 56 (8%) were met in part, and three were reprioritised (1%).
2. Ministerial priorities are the basis for one of the four areas of the annual expectations set by the Commissioner (*Results and services to deliver Government priorities*). Ministerial priorities often require longer-term system change and interventions where the benefits will be measured over several years. To address this, the Commission has assessed how well chief executives have performed in supporting Ministerial priorities over 2022. The Commission identified 217 Ministerial priorities. Our analysis indicates that of these 217 priorities, 182 (85%) have been met in full, 32 (14%) have been met in part, 0 were not met, and 3 (1%) were reprioritised by the Government over the review period.
3. While chief executives have delivered a significant work programme over the last year, some have experienced delivery challenges. Our initial analysis indicates that discrete, short-term projects or programmes are delivered more easily than long-term or complex programmes. Additionally, there are broader challenges in establishing large-scale programmes and investments at pace, particularly around early planning and cost estimation, which can contribute to delays and cost pressures.
4. The Commission, the Treasury and the Department of the Prime Minister and Cabinet are collectively supporting improvements in capability and practices to respond to these issues, particularly in sectors that are leading large and complex programmes and where there is significant system level change.
5. The Commission has strengthened its focus on the delivery of initiatives to ensure Public Service agencies are building the right organisational capability to enable future delivery, and that this is done in a way that drives assessment of value-for-money across the Public Service. Key initiatives being

progressed to support this focus include the Capability Review Programme, working with the Treasury on the delivery of the Efficiency Programme for the Public Service, and strengthening agency financial management and performance through the annual chief executive performance review process.

6. Additionally, there are some specific opportunities to support improved capability and practices for agencies leading large and complex investment and change programmes. These include strengthening implementation readiness, oversight and assurance practices, alongside leveraging specialist workforce capability, across these types of programmes. The Commission, the Treasury and the Department of Prime Minister and Cabinet will be looking at opportunities to provide more central support in this area, along with system leads and agencies with existing capability across these areas.
7. The Commission is available to discuss the findings from our analysis further with you. The Commission will also continue to keep you updated on the initiatives we are progressing to support public service capability and delivery, working with the Treasury and the Department of Prime Minister and Cabinet.

Recommended Actions

We recommend that you:

- a **discuss** this report with the Public Service Commissioner
Agree/disagree **I'm satisfied with the discussion I've had on this to date**
- b **agree** that Te Kawa Mataaho release this briefing once considered by you and subject to any necessary redactions.

Agree/ ~~*disagree*~~



Hon Andrew Little
Minister for the Public Service

Public Service Chief Executive Performance Update

Purpose of report

8. This report provides you with analysis and insights on the performance of Public Service chief executives.

The Public Service Act provides for the Commission to report on chief executive performance

9. The Public Service Act 2020 (the Act) provides for the Public Service Commissioner (the Commissioner) to report on the performance of chief executives to the appropriate Minister or Ministers, individually or as a group, and in the manner the Commissioner thinks fit (section 10 of Schedule 7 of the Act). This report provides you with an update on the performance of individual chief executives against their performance expectations, aggregated to provide an overview of performance across the Public Service.

Chief executive performance is assessed against annual expectations set by the Commissioner

10. The Commission applies an annual performance cycle for each public service chief executive that includes:
- setting performance expectations for each calendar year
 - regular check-ins and on-going support
 - real-time feedback and monitoring of their performance, and
 - an annual meeting to review and summarise annual performance.
11. Performance expectations provide chief executives with clarity on the essential things expected of them and form a basis from which to discuss performance. The expectations include both common expectations for all chief executives, and expectations that are tailored to, and agreed with, each chief executive.
12. Expectations may be updated during the year for a variety of reasons including new Government priorities, external events (such as COVID-19 or extreme weather events), lessons from inquiries or reviews (including those from Capability Reviews), and new standards published by the Commission or system leads.
13. For the 2022 calendar year, chief executive performance expectations were set out under the following four broad areas:
- results and services to deliver Government priorities
 - system and collective leadership
 - agency performance and culture, and
 - managing context.
14. Chief executives were also expected to meet their obligations under relevant legislation and Whole-of-Government Directions, and to manage their organisations responsibly and effectively with respect to funding, other resources and their people.

The Commission has assessed the performance of chief executives across all areas of the performance expectations for 2022

15. The Commission has analysed progress against 611 tailored performance expectations for 35 chief executive roles for 2022. Of the 611 expectations, our analysis indicated 552 (91%) were fully met, 56 (8%) were met in part and three were reprioritised (1%). Table One below shows the breakdown of progress in the four broad areas, followed by commentary and general insights.
16. Some expectations and priorities are relatively simple to measure and assess, however, others are more complex, particularly where they are delivering longer-term system change and where the benefits will be measured over several years.

Table One: Overview of performance against public service chief executives' 2022 performance expectations

	Met in full	Met in part	Not met	Reprioritised	Total
Results and services to deliver Government priorities	182 (85%)	32 (14%)	0	3 (1%)	217
System and collective leadership	112 (97%)	2 (2%)	0	0	114
Agency performance and culture	154 (90%)	17 (10%)	0	0	171
Managing context	104 (95%)	5 (5%)	0	0	109
Total	552 (91%)	56 (8%)	0	3 (1%)	611

Results and services to deliver Government priorities

17. Ministerial priorities are the basis for one of the four areas of the annual expectations set by the Commissioner. These are categorised under the heading “Results and services to deliver Government priorities” in expectations for chief executives. Ministerial priorities can range from short-term, specific initiatives through to broad programmes which require long-term system change and interventions where the benefits will be measured over several years.
18. The Commission identified 217 Ministerial priorities from chief executive expectations in 2022. Table Two provides examples of progress against these Ministerial priorities. Our analysis indicates 182 (85%) of the 217 expectations to deliver Government priorities were met in full, while a further 32 (14%) were met in part. Of the expectations that were met in part, 25 (78%) relate to work programmes that span more than twelve months. These multi-year programmes often relate to the delivery of changes to system settings and strategy, service delivery improvements, and major investment programmes. If these 25 multi-year programmes are delivered on time, that would bring the ‘met in full’ statistic up to 207 (95%).

Table Two: 2022 progress on Ministerial priorities set out in public service chief executive expectations

	Number	Examples
Met in full	182 (85%)	9(2)(a) privacy
Met in part	32 (14%)	
Not met	0 (0%)	N/A
Reprioritised by the Government	3 (1%)	<ul style="list-style-type: none"> • Programme of Action Against Racism • the Public Media Entity • the Social Unemployment Insurance Scheme.

System and collective leadership

19. 112 (97%) of the 114 expectations for system and collective leadership were met in full. The Public Service Leadership Team, chief executives' groups, and Interdepartmental Executive Boards are being used to drive solutions to complex challenges such as climate change, resource management reform, long-term economic performance, national security, social wellbeing and tackling family violence and sexual violence. These mechanisms are being used to embed collaboration and a system-focused approach across the Public Service.
20. Two expectations (2%) were met in part, including 9(2)(a) privacy

Agency performance and culture

21. 154 (90%) of the 171 expectations were fully met and 17 (10%) were met in part. Agency change programmes usually require engagement with staff and key stakeholders and it is important to take time to engage and work through concerns carefully if they are to succeed. Change programmes are part of agencies' commitment to continuous improvement and deliverables may evolve over time.

Managing context

22. Building the trust and confidence of Ministers, the public, and stakeholders is a key part of chief executive performance. 104 (95%) of the 109 expectations were met in full, with the remaining five (5%) met in part. The expectations met in part were delayed due to recruitment challenges, delays with community involvement and engagement due to COVID-19 and the challenges inherent in building trusted long-term relationships with iwi and communities.

Chief executives have also delivered a number of additional priorities and expectations during the year

23. As noted in paragraph 12 above, performance expectations may change during the year for a variety of reasons including new Ministerial priorities, external events (such as COVID-19 or extreme weather events), lessons from inquiries or reviews (including those from Capability Reviews), and new standards published by the Commission or system leads. As a result, chief executives have pivoted their agencies during the year to deliver additional priorities, such as:
- 9(2)(a) privacy [redacted]
 - 9(2)(a) privacy [redacted]
 - 9(2)(a) privacy [redacted]
 - 9(2)(a) privacy [redacted]
 - 9(2)(a) privacy [redacted]
24. The Public Service responded to changing priorities by reprioritising staff and resources to areas of greatest need. The Commission has supported this through the Mobility Hub, which has enabled significant redeployments of staff to areas of greater need, including emergency crisis centre roles.

While chief executives have met the majority of core expectations, there are some potential delivery challenges that require focus

25. While chief executives have delivered a significant work programme over the last year, some have experienced delivery challenges. Our initial analysis indicates that discrete, short-term projects or programmes are delivered more easily than long-term or complex programmes.¹ Additionally, there are broader challenges in establishing large-scale programmes and investments at pace, particularly around early planning and cost estimation, which can contribute to delays and cost pressures.
26. Delivery challenges and cost pressures are being reported² in some capital projects and programmes. At 31 March 2023, central government had committed to delivering 142 investments valued at \$61.6 billion in total funding. Of these:
- 39 investments (27% of number, 23% of total delivery funding) in delivery are currently expected to be delivered on time, on budget and within agreed scope

¹ This is addressed through the DPMC Implementation Unit's [Guidance for planning and implementing complex programmes](#) (2022).

² The Treasury receives quarterly investment reporting as required by Cabinet Office Circular 19 (6).

- 57 investments (40% of number, 28% of total delivery funding) have been signalled by agencies as experiencing delivery delays. The median delivery delay expected by agencies is higher for data and digital investments (1.8 years) than for infrastructure investments (1 year), and
- 67 investments (47% of number, 59% of total delivery funding) have been signalled by agencies as experiencing cost pressures.

27. There are some opportunities to support improvements in this area, which are discussed below.

Central agencies have identified areas for improvement in capability and practices to support delivery and implementation of priorities

28. The Commission, the Treasury and the Department of the Prime Minister and Cabinet have undertaken analysis to understand the potential opportunities and challenges in enabling delivery and implementation of priorities, particularly for large scale investment programmes. Some of the key themes include:

- **programmes would benefit from further detailed design, implementation planning and cost estimations.** This impacts both the quality of policy and on delivery planning. Strengthening a focus on implementation readiness would add significant value to the delivery of large-scale programmes
- **programmes commence at pace with a focus on delivery before all of the supporting arrangements have been put in place** (governance arrangements, monitoring and reporting processes, evaluation and data collection plans)
- **change management capability issues appear evident across several large system transformations.** The scale of change occurring in different sectors also presents challenges on the availability of the workforce to support delivery
- **programme management capability and maturity is an area requiring focus** for some agencies and sectors, particularly those leading complex programmes, multi-year programmes
- **capacity and capability to support delivery remains an ongoing challenge given the scale of change occurring across different sectors.** This is both an issue for the Public Service and the private sector. Market capacity related to infrastructure is a particular concern. This capacity constraint is exacerbated when there are events such as severe weather events.

29. Central agencies intend to collectively support improvements in capability and practices to respond to these issues, particularly in sectors that are leading large and complex programmes and where there is significant system level change. Some of the key opportunities include:

- investing in more detailed programme planning and assurance mechanisms to support delivery of projects and programmes
- strengthening governance and programme management capabilities, particularly around the delivery of significant priorities and programmes
- investing in relationships across agencies and stakeholders early within the delivery of significant programmes. This includes ensuring accountabilities and responsibilities are well defined and enable end-to-end programme delivery
- senior leaders establishing practices to identify if aspects of implementation are not going well or should be reconsidered in light of changes to the delivery environment.

30. There is an opportunity to address these issues through the work the Commission is progressing, along with the Treasury and Department of Prime Minister and Cabinet, to support improvements in agency capability and performance.

The Commission is leading work to further support the capability and performance of the Public Service

31. The Public Service reforms set in place new foundations to enable a more adaptive, agile and collaborative public service. A large driver of the reforms was to join up the Public Service, and public services, around the needs of the people and the communities that they serve. A continued focus on driving delivery and performance across agencies remains an important focus as we continue to embed the reforms and ensure that the Public Service is well placed to deliver in the future.
32. The Commission has strengthened its focus on the delivery of initiatives that continue building capability within agencies, and across the Public Service. This includes both a focus on ensuring that agencies are building the right organisational capability to enable future delivery, and that this is done in a way that drives value-for-money across the Public Service.
33. The Capability Review Programme will deliver independent reviews that provide a forward-looking assessment of the capabilities that agencies need to effectively deliver in the future. It builds off the previous Performance Improvement Framework reviews. The first review through the Capability Review Programme is underway at the Ministry for Pacific Peoples, with two additional reviews due to be progressed this year.
34. As noted above, there are some specific opportunities to support improved capability and practices for agencies leading large and complex investment and change programmes. These include strengthening implementation readiness, oversight and assurance practices, alongside leveraging specialist workforce capability, across these types of programmes. The Commission, the Treasury and DPMC will be looking at opportunities to provide more central support in this area, along with system leads and agencies with existing capability across these areas.
35. Achieving value-for-money through the Public Service is a key focus that sits alongside the broader work we are leading to support public service capability and performance. The Public Service Commissioner and the Secretary to the Treasury are actively working together to increase the focus on financial management and efficiency across the Public Service.
36. In support of this, the Commission is making further enhancements to the annual chief executive performance management process to include more in-depth analysis from the Treasury on the financial management and performance of agencies. This will be supported with greater insights from Treasury on agencies' financial management throughout the year.
37. The Commission has also been working with the Treasury on the establishment of the Fiscal Sustainability and Efficiency Programme, a programme of work designed to improve efficiency in the Public Service as part of Budget 2023. The Programme will look at workforce resources, including a Ministerial peer review process, Budget scrutiny and a lift in expectations around fiscal management. The Commission will be working closely with the Treasury on the implementation of the Efficiency Programme over the next few months.

Next Steps

38. The Commission would welcome a discussion with you on this advice, and whether you would like to share the contents of this briefing with your colleagues. The Commission will also continue to keep you updated on the initiatives we are progressing to support public service capability and delivery, working with the Treasury and the Department of the Prime Minister and Cabinet.