

The Performance Improvement Framework: Getting it right

Introduced in 2009, the Performance Improvement Framework review process assesses each agency's current health, along with its capability to meet its future goals. As a tool, the PIF has provided public service leaders, ministers, and the public with an unstinting view of the strengths and weaknesses of each agency and the public service as a whole in an ambitious effort to ensure the public sector is fit for purpose in the 21st century. Editor SHELLY BISWELL reports.

Revolutionary is not usually a word bandied about when discussing evaluation processes for government agencies, but for the PIF it's the word that comes to mind. That's because while most reviews are retrospective, the PIF is meant to determine an agency's ability to meet its future goals.

Deb Te Kawa, a Principal Advisor for the State Services Commission and one of the key advisers on the PIF, says the PIF is designed to look back as a way of gauging how an organisation will be able to move forward.

"Of course it's important to measure performance and have good auditing processes in place, those are a given, but when State Services Commissioner Iain Rennie took office he expressed concern that many of the reports critical of the public service did not always recognise the very real strengths of the state services. Thus the PIF has been developed as one way to help the state service drive its own performance

improvement, and be transparent about that journey.

"A PIF agency review is not an audit, scientific evaluation, an investigation of compliance, or an accreditation process. Rather it is an integrated, deep, fast, and independent review of an agency's fitness for purpose and how well placed that agency is to deal with the issues that confront it in the near future."

PIF Lead Reviewer Murray Horn is even more categorical about what a PIF review is – and what it isn't.

"The PIF review process is about looking at how an agency currently conducts business and where changes are needed if it is to reach its goals. I call it 'discontinuous' improvement, because what reviewers often tell an agency's chief executive and senior leadership team is that business as usual won't get them where they need to go. This isn't meant as an indictment of how an agency has performed in the past, it's a reality check for how they need to operate in the future to succeed."

After a career in top management and governance roles for the public and private sectors, including as chief executive of The Treasury, Horn says setting big goals is important and an external review helps chief executives to get clarity on how to achieve those goals.

"It's crucial that the agency is clear on its goals and sees the PIF review process as a tool to help them along the way. The main product of the review isn't a report that sits on the SSC website, it's the discussion and change it effects within an agency."

Mirror, mirror

For an agency review, PIF lead reviewers will read the self review the agency has prepared, along with other reports and information provided. They will also interview the agency's chief executive, senior leadership team and other key staff, along with stakeholders including responsible ministers, sector leaders, community representatives, and other government chief executives within the agency's sphere of influence.

Murray Horn says, "The self-review process is an important step, but for a lead reviewer it will only take you so far. The key to understanding an agency lies in the interviews and in knowing what questions to ask and what to listen for in the answers."

Based on all this input, PIF lead reviewers will draft a report that they will initially share with the agency's chief executive.

"Even with a positive review, there will usually be elements of the report that the agency's chief executive initially questions or disagrees with," says Horn.

Department of Conservation Director-General Al Morrison agrees.

"When the PIF was introduced, we wanted DOC to be in the first tranche. We were going through a fairly radical change process and we thought the PIF would provide independent verification that we were on the right track. In fact, we were so confident about the direction we were taking that we asked for Paula Rebstock to be our lead reviewer, because we knew she'd be no nonsense and would be thorough in her approach."



“After providing complete access to our files and our staff, I was shocked when I received the first draft of the report. While the reviewers saw many positives, there were a couple of operational issues that cut across the organisation. My first response to the report was reactionary, ‘they must have got it wrong.’”

Morrison says that after mulling the report over he realised while he still felt that the reviewers hadn’t got it completely right (he figures their findings were about 90 per cent accurate), they had pointed out areas for improvement and that what he had in his hands was a useful guide to improve the organisation.

“I had to move from looking at the PIF as a performance assessment to looking at it for what it was – a powerful tool for change.

“There’s that human tendency to protect and defend your organisation and your staff who have worked so hard, but at the end of the day the reviewers and I share the same goals for the organisation and their input has provided guidance on how to attain those goals.”

A year after the review, Morrison asked Rebstock to provide a follow-up review (a step that’s now a formal part of the process) to confirm the agency was on track.

“That review led to good conversations and advice for further improvement.”

A restless quest

Like the agencies it was set up for, the PIF has gone through a review process to ensure it is fit for purpose.

Deb Te Kawa says there have been a number of refinements to the PIF as lessons have been learned.

“We have clarified who our clients are for each review: the chief executive and senior leadership team of the agency, the responsible minister, and central agency chief executives. An important aspect of the PIF is that it’s a transparent process that allows stakeholders, media, and the public the opportunity to see how an agency is doing, but the findings are meant to assist agencies in meeting their goals and to provide ministers and central agency leadership with an independent view of an agency’s capabilities.”

Both reviewers and chief executives saw

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areas where the PIF could be improved and the SSC’s PIF team readily took those suggestions on board.

Te Kawa says, “The PIF is all about improvement. Sometimes it feels like we are in a restless quest to keep improving the PIF. Improvement has big upsides. The first set of suggestions from our clients helped us find 33 per cent in operational efficiencies across our entire programme.”

One of the major changes to the PIF since it was introduced is the inclusion of a peer-review process once a PIF agency review has been conducted. The draft report that the agency’s chief executive team review includes the performance challenge narrative of the report without the performance ratings. The Lead Reviewer Peer Review Panel, as it is formally known, reviews the same draft report, along with the proposed performance ratings. The panel then meets with the agency’s lead reviewers to discuss the review and make recommendations.

PwC Partner Debbie Francis is a PIF Lead Reviewer and Chair of the panel. She says the peer-review process brings rigour to the PIF.

“PIF reviewers have all held top management positions and are familiar with the workings of the public sector, but it’s still a subjective process. By the lead reviewers’ findings also being held to a peer review, you ensure a similar lens is used across all agencies. It also allows for additional perspectives that may assist the agency.”

Francis adds that the panel ensures consistency in the performance ratings system.

“For many agency chief executives the performance rating system – with its green, amber, red scheme – can still be the most provocative aspect of the PIF. The rating system provides a focus, but it’s quite important we get the metrics right. The panel process is an additional way to ensure that the ratings given in a report are robust.”

All together now

The reviews have provided crucial feedback to individual agencies, but central agencies are also able to see system-wide patterns.

Te Kawa says, “The system-level findings suggest that we are doing a number of things

well. We are responsive to ministers and we are good at delivering on the priorities of the government of the day. We also see high levels of integrity and probity of our financial management.”

Horn and Francis agree we have a good public service, but say as lead reviewers they also see areas where agencies can lift their game.

Horn says, “We are really good at responding to events, like the Canterbury earthquakes, and to ministerial priorities. Where we still have work to do is in building strong institutions and working better across the system.

“While integrity is critical, so is delivering results. There are certain things the public and the Government are going to expect of the public service and in those areas we need a high-performing public sector that delivers.”

Francis adds, “By looking across the system, central agencies are also better able to see where they can add value and if there are sector-specific challenges or opportunities that need to be addressed.”

Te Kawa says the PIF complements the aim of the Better Public Services programme to take New Zealand from having a good public service to a great public service in four to five years.

“We are already number one in the world for the absence of corruption. We have to keep that. We also want to lift performance in a number of other areas to make sure we have the best public service possible.” ■

Reviewing the reviewers

Confidence in the PIF is dependent on how much respect the lead reviewers command. Agencies, ministers, and the public all need to have complete confidence in the credibility, objectivity, and abilities of lead reviewers.

As the SSC’s website states, lead reviewers are “not armchair critics or academic commentators. They are people of mana and credibility who have led major change in both the public and private sectors and now hold significant governance roles.”