Policy Directive

Leading Performance, Development and Talent Management

Summary	This document focuses on the value that effective performance, development and talent management brings to organisations and employees. It includes the reasons why an ongoing focus on individual and team performance and development is critical to achieving positive organisational outcomes and engaging careers.

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NSW Health
POLICY DIRECTIVE

Leading Performance, Development and Talent Management

POLICY STATEMENT

All performance development and talent management processes across NSW Health must reflect the core requirements of the Government Sector Employment (GSE) Rule 35 and their essential elements as outlined in the NSW Public Sector Performance Development Framework.

SUMMARY OF POLICY REQUIREMENTS

All NSW Health organisations are to review their local performance development and talent processes so they are consistent with this policy and ensure that the following are included:

- The seven core requirements of GSE Rule 35 and their essential elements as outlined in the NSW Public Sector Performance Development Framework.

- Principles for managing unsatisfactory performance in line with GSE Rule 36 and Section 68 of the Government Sector Employment Act.

- Integration with other workforce management processes, including recruitment and selection, orientation, career development, and talent management.

- Appropriate training and guidance for all employees (including integration of relevant information into orientation and workplace induction).

- A mechanism to regularly evaluate performance development and talent management to ensure it meets stated objectives for the organisation.

- Appropriate business processes to populate and maintain performance development and talent data.

REVISION HISTORY

Version	Approved By	Amendment Notes
PD2023_043	Deputy Secretary People, Culture and Governance	Updated to reflect additional requirements within the NSW Public Sector Performance Development Framework; provision of key principles for managing under-performance; link to Talent Strategy
PD2016_040 September 2016	Secretary	Updated to ensure compliance with Government Sector Employment legislation regarding managing unsatisfactory performance and reflect changed reporting requirements

PD2013_034 October 2013	Director General	Updated to comply with the NSW Public Sector Performance Development Framework
PD2005_180 January 2005	Director General	New policy directive

CONTENTS

1.   BACKGROUND

Performance, development and talent management are critical components in the way organisations engage with their employees to provide feedback and support individual and career development. Having ongoing performance and development conversations is an effective way to assess strengths, acknowledge performance achievements and identify areas for improvement. An effective performance development process also encourages and enables employees to take a more active role in their performance and ongoing development.

1.1.   About this document

This document focuses on the value that effective performance, development and talent management brings to organisations and employees. It includes the reasons why an ongoing focus on individual and team performance and development is critical to achieving positive organisational outcomes and engaging careers.

The alignment of workforce capabilities and behaviours with performance and organisational objectives is also a NSW government sector wide priority.

Section 67 of the _Government Sector Employment Act (2013)_ requires all government sector agencies to have a performance management system that meets the core requirements of Rule 35 of the _Government Sector Employment (GSE) Rules 2014_ and their essential elements as outlined in the NSW Public Sector Performance Development Framework.

The core requirements and essential elements apply to all NSW Health organisations. They have been incorporated into this policy framework.

NSW Health organisations must ensure that any local processes and practices reflect the principles, core requirements and essential elements outlined in this policy directive, the Government Sector Employment legislation and the NSW Public Sector Performance Development Framework.

1.2.   Key definitions

Capabilities	Knowledge, skills and abilities that an employee must demonstrate to perform their role effectively.
Capability Framework	Refers to the NSW Public Sector Capability Framework that describes the core capabilities and behaviours for all public sector employees. The Framework supports all workforce management and development activities, including role design, recruitment, performance management, learning and development and strategic workforce planning.
Coaching	A thought-provoking and creative process that inspires an employee to maximise their personal and professional potential.

NSW Health organisation	Any body or organisation under the control and direction of the Minister for Health or the Secretary, Ministry of Health.
Employee	Any person who is employed in any body or oganisation under the control and direction of the Minister for Health or the Secretary, Ministry of Health. This does not include members of the NSW Senior Executive Service or Health Executive Service, visiting practitioners, other independent contractors, agency staff supplied by another employer, students, volunteers or external researchers who are not part of the government sector.
Manager	An employee who has direct or indirect reports and with whom the employee engages in performance and development discussions and/or who is responsible for undertaking the annual performance and development review.
StaffLink HCM	NSW Health's core Human Resources system, that includes the performance and talent management (PAT) module, and known as Human Capital Management.
Succession planning and management	Succession planning involves understanding the critical roles within our Health Agencies, the current occupants of those roles and their likely career moves, and the pool of available (or developing) talent who could potentially fill the roles in the future. Succession planning works alongside talent management and is an integral part of the strategic workforce planning process.
Talent Management	Talent management is an organisation's practices to identify, develop, support, and mobilise individuals to meet strategic business needs. The NSW Health Talent Strategy commits us to identifying, nurturing and progressing talent to develop our people and the next generation of leaders to deliver for the NSW community.

2. ESSENTIAL ELEMENTS OF A PERFORMANCE AND DEVELOPMENT SYSTEM

2.1. The Public Sector Performance Development Framework

GSE Rule 35 and the NSW Public Sector Performance Development Framework http://www.psc.nsw.gov.au/workforce-management/performance-development/performance-development-framework/performance-development-framework contains the core requirements and essential elements that all NSW Government Sector agency performance management systems must meet.

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

Component	Essential Elements
Set and clarify expectations for employees A collaborative process to establish expectations and clarify performance objectives that align with the organisation's direction.	• Mechanisms are in place to build employee awareness of, and adherence to, sector values and standards of ethical behaviour. • Managers work with employees to clarify performance objectives, discuss the requirements and capabilities of the role, identify any concerns meeting objectives and establish how performance will be measured. • Measurable performance objectives and expectations are appropriately recorded to promote accountability. • Employee objectives are aligned with the organisation's direction and support the delivery of business outcomes. • Employees and managers work together to establish shared expectations on the frequency and ways in which feedback will be provided.
Guide and review employee performance The regular practice of managers and employees providing and receiving meaningful feedback to guide performance, review progress and align performance objectives with organisational needs and priorities.	• Managers regularly engage employees in open, honest conversations and provide constructive, ongoing performance feedback. • Managers invite suggestions and feedback from team members and work to create an inclusive environment where diverse perspectives are valued. • Employees and managers jointly review performance objectives and adjustments are made as required to maintain alignment with organisational needs and priorities. • Overall assessment of performance is made against objectives and capabilities by managers and scheduled reviews with employees are held during the review period.
Develop employee capability Recurring initiatives to engage employees in working proactively with managers to identify and plan for their own capability development.	• Employees work collaboratively with managers to identify development goals and targeted capability development options for both current and future roles. • Employees are encouraged to work proactively with managers to plan for their own development, assess progress and maximise opportunities to develop capability strengths and close gaps.
Recognise employee achievements Organisational practices to encourage appropriate ways of recognising the achievements of employees and teams.	• The organisation has support mechanisms in place for managers to select appropriate ways of recognising team and employee achievements. • Employees are encouraged to celebrate team efforts and give recognition to the achievement of others.
Improve employee performance Actions to identify and support the emerging performance improvement needs of employees.	• If there are instances where employee performance is below the standard required for the role, managers and employees proactively identify the issue/s, share targeted feedback and re-examine expectations. • Employees proactively share issues that may impact their performance and are provided with support to address the issues.

Component	Essential Elements
	• Employees participate in actions towards improving performance.
Resolve unsatisfactory employee performance Efforts are made to determine and address unsatisfactory performance.	• Managers and the organisation work promptly with the employee to determine and resolve patterns of unsatisfactory performance.
Evaluate and strengthen practices Organisational mechanisms are in place to support, monitor and evaluate the effectiveness of performance systems and practices.	• The organisation has approaches in place to measure the effectiveness and impact of its managers, identify trends and inform ongoing investment to support effective performance practices. • The organisation has established methods to enable use of performance information as an input for other workforce management processes. • Organisational expectations of performance outcomes are clearly communicated, monitored and evaluated to support ongoing achievement and improvement.

3.   WHY SUPPORT PERFORMANCE AND DEVELOPMENT?

Supporting performance and development enables employees to know what they need to do to perform effectively. This facilitates employees working effectively towards organisational goals, supports them in understanding how their work contributes to broader outcomes, and helps them identify capability strengths and areas for development. It also helps leaders identify and develop talent.

Effective performance and development practices also provides opportunity to reflect on the capabilities, values and behaviours that support and recognise the achievement of goals and development objectives.

3.1.   Benefits of an agile performance and development approach

Employee engagement

Regular conversations between managers and their employees are essential to keep employees engaged. The real benefit comes from timely, in the moment, meaningful feedback and forward-looking conversations, including focusing on an employee's career growth and development. This is in contrast to the approach of an annual performance review. Team meetings and one-on-one catch ups are ideal ways to keep conversations about performance and development part of business as usual, rather than an annual event.

Recognising good performance and discussing the employee's contribution to the organisation also provides a sense of confidence, self-worth, job satisfaction, commitment and motivation for continued improvement. It supports employees to analyse their own career goals, giving them the chance to express areas they want to develop and work towards, including next steps for growth. Regular catch-up conversations can also facilitate ongoing review of their progress.

An agile performance and development approach will assist managers in the early identification of performance and development issues and respond with the necessary support.

Identifying and retaining talent

Managers having regular performance conversations are more likely to identify high performance and high potential in their employees sooner, rather than relying on annual performance reviews alone. This information contributes towards effective talent identification, management and succession planning.

Employees who have regular effective meetings with their manager to discuss performance, career and development, are more likely to remain with the organisation as such conversations may assist in ensuring employees' needs for job alignment and satisfaction are being discussed and acted upon

Developing leaders from within

Consistent feedback and coaching leads directly to increased engagement from employees, while also identifying their ability to develop these skills for broader leadership roles.

Further resources relating to implementing effective performance, development and talent management will be available on the NSW Health Talent Hub.

3.2.   Annual performance and development review

In tandem with informal feedback conversations, the annual performance and development review discussion includes reviewing the employee's performance and development against agreed goals and setting agreed goals for the forthcoming year.

All NSW Health organisations will use the Performance and Talent (PAT) system to document and capture annual performance development reviews (see Section 6).

3.3.   The NSW Health workforce

In making provisions for ongoing performance discussions, consideration is to be given to the nature of the workforce (for example the proportion of staff working in a 24/7 environment involving shift work).

In some cases, staff on rotating shifts may work for a number of different managers in a given period. In these circumstances, consideration needs to be given to accommodate feedback from a number of managers, while still ensuring that face-to-face feedback also occurs.

4.   PERFORMANCE DEVELOPMENT AND TALENT MANAGEMENT

Performance and development review and talent management support the achievement of organisational and personal objectives. Talent management focuses on identifying, nurturing and progressing talent across the entire employee lifecycle within an organisation. This includes attraction, recruitment, onboarding, training, succession planning, retention and separation.

Ongoing performance and development informs an organisation's ability to identify and support employees who are high performing and/or have high potential, as part of their talent management processes. The Public Service Commission's Talent Review Framework has been designed to drive continuous improvement in the identification of talent across the NSW public sector. Talent reviews are an integral part of this and are based on identifying talent through an assessment of an individual's performance and potential, as well as their career aspirations, interest and readiness for career development.

Talent reviews are a core initiative within the NSW Health Talent Strategy 2022-2032 Outcomes from the performance review process inform the performance rating within talent reviews, while outcomes from the talent review inform development and succession plans. Where succession plans are put in place, merit-based recruitment processes still apply for any recruitment to the position.

Further resources relating to implementing effective performance, development and talent management will be available on the NSW Health Talent Hub.

5. DEALING WITH PERFORMANCE ISSUES

This policy directive focuses on the importance of proactive performance, development and talent management. Regular performance conversations will assist in identifying any areas for improvement early and enable issues to be addressed effectively. When dealing with performance issues, a counselling or remedial approach is to be taken. Where issues are not resolved, the manager should seek advice from Human Resources on next steps.

5.1. Key principles in managing performance issues

- **Timely**: a performance issue is acted on as soon as it arises.

- **Supportive**: the aim of managing performance issues is to improve work performance and individual engagement; issues are to be managed locally and feedback should be provided as close to in the moment as practicable.

- **Fair**: the process is managed with procedural fairness; the employee must be given an opportunity both to respond to poor performance and for improvement.

- **Confidential**: the management of unsatisfactory performance is treated in confidence.

- **Respectful**: employees are treated with respect throughout the process. This includes applying cultural sensitivity, that is, the language, culture and religion of all parties involved are respected and taken into consideration throughout the process.

- **Constructive:** feedback is always delivered constructively and in line with NSW Health CORE Values.

Further resources relating to implementing effective performance, development and talent management will be available on the NSW Health Talent Hub.

Health organisations will also have local processes for managing performance issues.

5.2. Procedural and legislative requirements

GSE Rule 36 sets out the procedural requirements for dealing with unsatisfactory performance, consistent with procedural fairness.

If the performance of an employee is determined to be unsatisfactory in accordance with *GSE Rule 36*, *Section 68 of the Government Sector Employment Act (2013)* provides for the possible actions that can be taken by the Chief Executive.

NSW Health organisations must develop procedures for dealing with unsatisfactory performance consistent with the above legislative requirements.

Such procedures must also include assessment and management of any risks related to the unsatisfactory performance (eg clinical risks etc), and any notifications required internally or externally in relation to the unsatisfactory performance (eg notification to the relevant professional council etc).

Unsatisfactory performance can cover a wide range of issues, including the quality of an employee's work and/or whether work is being performed within reasonable timeframes. It may also cover the employee's behaviour or other factors that may be affecting their performance.

6. DATA COLLECTION AND REPORTING

All NSW Health organisations are required to have processes in place to record and maintain the outcomes of performance reviews, including development plans for each employee.

These processes do not replace the performance and talent development conversations between managers and employees, but enable appropriate records to be kept and to realise strategic and operational benefits. Strategic benefits include talent identification, learning needs analyses, addressing barriers to access and operational benefits, such as preparing for and following up on performance conversations and meetings more easily and effectively.

The Performance and Talent (PAT) Module of the StaffLink Human Capital Management (HCM) is used for this purpose.

This information will also assist in reporting against the performance KPI in the NSW Health Service Agreements (currently 'percentage of total eligible employees with performance reviews completed within the last 12 months') and assist in any ad hoc and/or future government sector-wide reporting requirements on employee performance.

Individual employee outcomes from succession planning and talent management processes will be communicated to the employee concerned. Succession and talent information held within StaffLink Human Capital Management (HCM) system will be retained confidentially by Human Resources.

7. FURTHER RESOURCES

Further resources relating to implementing effective performance, development and talent management will be available on the NSW Health Talent Hub and NSW Health Agency local intranet sites (staff access only) with new resources regularly added.