Our Corporate Strategy – *People*

July 2016

People: Executive Summary

What is our strategic vision for our people?

Working as part of IR is unique, exciting, fulfilling and career enhancing

What does that mean?
- We value individuals and diversity of thought and capability
- We find, develop and deploy people on the basis of their capabilities, which are a mix of skills, knowledge, experience and attitudes
- We design roles to be adaptable, interesting and empowering
- We recognise and measure performance through behaviours and individual and team contribution to outcomes
- We work with other organisations to develop fulfilling career journeys in, through and beyond IR.

Why do we need this strategy?
The way we view and value our people, and how our people behave and deliver, is key to achieving a **customer-centric, intelligence-led** and **agile** future organisation. We will need to ensure we can support customers wherever they're geographically located, making use of digital technology and permanent or mobile physical presence to best meet customer needs. Our workforce will need to be supported to use information and insights to work effectively with all our customers so that they easily comply with and benefit from the tax and social welfare system. Our people and workforce management practices will need to focus on ensuring we quickly and efficiently match people with the right capabilities to changing work demands.

Inland Revenue's success is based on our people. Our workforce in 2025 will be a mix of employees, independent contractors, and those who work for a range of partner organisations. We anticipate more people will want a wider range of options for how they interact with IR as a source of work. **By evolving our workforce management approach to provide a range of choices, we will maximise our access to the right people with the capabilities we need in order to achieve our business objectives**. This will also increase the diversity of our workforce, reflecting the evolving diversity of our customers and improving and sustaining IR's performance.

How will we implement this approach?

To achieve this, we need to focus on shifting four interconnected elements:

1. **Ethos** – IR's values, spirit and mind-set
2. **Experience** – the practice and reality of working as part of IR
3. **Environment** – the settings and surroundings within which IR work is done
4. **Expectations** – the performance assumptions that define the working relationships between IR and our people.

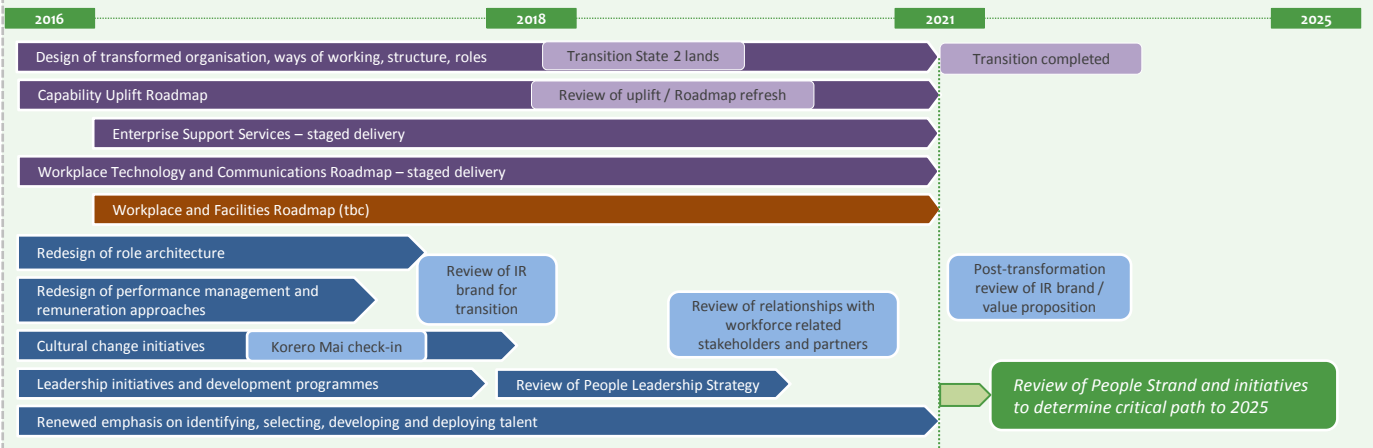These will be delivered in line with three guiding principles:
- ✓ **Individuality matters.** We approach issues from the perspective of what will work for each member of our workforce, in line with how we approach each customer.
- ✓ **Empowerment guides our practice.** As an organisation we continually work to provide a range of options for our people, enabling them to make the decisions about how best they can deliver and perform for IR.
- ✓ **Agility keeps us relevant.** We design and manage as flexibly as we can, with simple approaches and processes that can adapt as we need them to.

What are our key vehicles for change?

Delivery led by BT | Delivery led by P&C | Delivery led by PFF

| 2016 | 2018 | 2021 | 2025 |

- Design of transformed organisation, ways of working, structure, roles
- Transition State 2 lands
- Transition completed
- Capability Uplift Roadmap
- Review of uplift / Roadmap refresh
- Enterprise Support Services – staged delivery
- Workplace Technology and Communications Roadmap – staged delivery
- Workplace and Facilities Roadmap (tbc)
- Redesign of role architecture
- Redesign of performance management and remuneration approaches
- Review of IR brand for transition
- Review of relationships with workforce related stakeholders and partners
- Post-transformation review of IR brand / value proposition
- Cultural change initiatives
- Korero Mai check-in
- Leadership initiatives and development programmes
- Review of People Leadership Strategy
- Renewed emphasis on identifying, selecting, developing and deploying talent
- *Review of People Strand and initiatives to determine critical path to 2025*

Measures of success

Outcomes	Measures / Evidence		Benefits
Valuing individuals, diversity of thought and capability	Diverse people / individuals	People value others, people bring their own self/wider experience to work	**Culture:** • Behaviours and everyday experience match target culture (journey progresses across anchors and scales)
Finding, developing and deploying on the basis of capability	Efficient matching of supply of capability to demand for capability	More differentiated workforce	**Engagement:** • Engagement levels are higher
Designing roles to be adaptable, interesting and empowering	Matching work with the person	Role provides sense of belonging ('as part of IR') rather than constraints of what work is done	**Performance:** • Organisational performance is higher – achievement of business objectives
Recognising and measuring performance contribution	Behaviour-based performance recognised	Outcome-based / network performance recognised	**Brand:** • Working at IR is sought after • Internal experience matches external perspective / proposition
Working with other organisations to develop career journeys	Incubation of capability as pool across wider sector	More career journeys in and out of IR	

This table provides:
- a high level description and timeframe for the key initiatives (either underway or planned)
- an indication of how strongly they will enable the People Strand (dark green – vital, mid-green – influential, light green – alignment)

Note that reviews which may lead to initiatives are not yet included.

Key Initiatives	How (Summary – more detail in initiative delivery plans)	When (indicative – timeframes may change)	Ethos	Experience	Environment	Expectations
Organisation design	• Will design organisational capabilities, ways of working, functions and roles in line with 10 KDDs to meet requirements for customer-centric, intelligence-led and agile organisation. • Transition pathway processes and leader decision-making will shape post-transition workforce composition.	• December 2016 – first view of proposed design for first 4 organisational capabilities • 2017-2018 – finalise design and implement formal change management processes include transition pathway process • April 2018 – first 4 organisational capabilities implemented • 2018-2021 – remaining organisation capabilities designed and established.	dark	dark	light	dark
Capability uplift	• 12 capability streams identified from BT Blueprints, and each describes knowledge, skills, experience and attitudes required to apply capability in changing future organisation. • Capability approach will be embedded into role architecture, performance management approach, learning, career support, and workforce management practice.	• June 2016 – Roadmap 2016-18 approved • June 2016 – December 2018 – implementation of Roadmap • September 2018 – Review of uplift progress/refresh roadmap for 2019-21	mid	dark	very light	dark
Enterprise Support Services	• User requirements for ESS will be determined by future people management practice needs, and how data/information will be used internally to shape and manage evolving workforces. • Complimentary people processes and guidelines will be developed to support maximised use of system and new ways of working.	• June-October 2016 – Stage 1 (remediation) implementation. • October 2016-March 2017 – User requirements gathering for Stage 2 (Talent Management). • April 2017-July 2018 – Stage 2 Implementation. • July 2018-December 2021 – Design and implementation of Stages 3-4.			mid	mid
Workplace Technology and Communications	• Design, procurement and implementation of enabling work and communications technology to support future ways of working and diversity of workforce requirements. Includes network (Wifi/remote access), devices (desktop/mobile), communications (soft phones/Skype).	• April-December 2017 – Pilot (500 users) of new technologies and workplace facilities • 2017-2019 – full implementation of network, device and communications technologies.	light	mid	dark	mid
Workplace and Facilities (Tbc)	• Will need to design and implement workplace approach to enable future ways of working and diversity of workforce requirements. IR facilities location, size and composition will need to be procured/updated in line with this.	• TBC	light		dark	very light
Role architecture	• Redesign of the framework, policies and constructs that connect role design, role description/expectation, job sizing and remuneration, employment arrangements, recruitment, learning and development, performance management, and other people management processes. • New role architecture will be adaptable, capability-focused, and enable differentiation across workforce types.	• June-August 2016 – development of new role architecture and design of key supporting constructs (e.g. role description) • September-November 2016 – implementation planning and prioritisation • From November 2016 – implementation of role architecture and key constructs.	dark	dark	mid	dark
Performance management and remuneration	• Review of performance management and REM approaches to match future workforce and work requirements. • Includes significant engagement with people and union joint working party in redesign.	• June 2016-March 2017 – evaluation and redesign processes • July 2017 – implementation of redesigned performance management approach • From July 2017 TBC – implementation of redesigned remuneration approach	dark	dark	light	dark
Culture	• Engagement and initiatives aimed at supporting people to recognise and change behaviours in line with cultural anchors and progress towards target end states of culture scales.	• 2017 – Korero Mai check-in	dark	mid	very light	mid
Leadership	• Initiatives and development programmes that shift and uplift people leadership capability across multiple levels, supporting leaders to be effective with members of future workforces.	• 2016-2017 – initiatives to embed leadership dimensions • 2016-2018 – rolling cohorts of leaders engage with suite of development programmes • 2018 – review of People Leadership Strategy to determine future fit	dark	dark	mid	dark
Talent	• Range of initiatives to adapt workforce management practice in line with future capability and culture requirements, including review of sourcing approaches and selection criteria, and emphasis on talent management and deployment.	• Ongoing	mid	mid	very light	mid

Purpose and Strategic Alignment

Purpose and Scope

The purpose of this document is to outline how we will ensure that IR has access to a high performing workforce with the capabilities and behaviours we need to operate as a customer-centric, intelligence-led and agile organisation. This includes what IR needs from our people, and what our people need from IR.

The People Strand has been developed to stretch our thinking on organisation design, leadership, workforce management, organisational value proposition and performance, with the aim of creating a better work experience for the workforce. There are explicit links and references to the **Organisation Design Blueprint,** and particularly **Key Design Decisions 9 and 10**. The People Strand will need to be refreshed regularly as there are many aspects that we don't currently know, and many changes that we cannot accurately forecast. The Strand provides guidance which will inform our planning, prioritisation and benefits assessment of our people-focused initiatives to ensure that every investment of effort, change and funding takes us closer to our future vision.

Strategic Vision

IR has 3 strategic objectives which define our organisational performance:

- Grow voluntary compliance by making it easier for people to get it right
- Reduce compliance costs
- Make Government policy changes faster and more cost effectively

To deliver on these, IR needs to evolve to be truly **customer-centric, intelligence-led and agile**. We will need to ensure we can support customers wherever they're geographically located, making use of digital technology and permanent or mobile physical presence to best meet customer needs. Our workforce will need to be supported to use information and insights to work effectively with all our customers so that they easily comply with and benefit from the tax and social welfare system. Our people and workforce management practices will need to focus on ensuring we quickly and efficiently match people with the right capabilities to changing work demands.

Inland Revenue's success is based on our people. Our workforce in 2025 will be a mix of employees, independent contractors, and those who work for a range of partner organisations. We anticipate more people will want a wider range of options for how they interact with IR as a source of work. **By evolving our workforce management approach to provide a range of choices, we will maximise our access to the right people with the capabilities we need in order to achieve our business objectives**. This will also increase the diversity of our workforce, reflecting the evolving diversity of our customers and improving and sustaining IR's performance.

We are creating a **2025 workforce experience** where people have diverse role models, receive equitable treatment, and are supported by leading edge skill building when they work as part of Inland Revenue:
- Everyone feels valued as an individual and for their diversity of thought and capability
- Practices and systems help us find, develop and deploy people on the basis of their capabilities (a mix of skills, knowledge, experience and attitudes)
- Roles are adaptable and interesting, and people feel empowered to shape their experience, performance and careers
- Performance is measured through behaviours and individual and team contribution to outcomes
- IR works with other organisations to develop fulfilling career journeys in, through and beyond IR.

Alignment to the other Strands

The People Strand is enabled by and will enable the other Strands of the Corporate Strategy:

Ensuring we have the ethos, capabilities and expectations to use information, data and intelligence to generate valuable insights. Using data and intelligence to understand our people and guide workforce planning.

Ensuring we evolve the digital capabilities of our people to maximise the potential of digital technology. Using digital technology to support the choice we offer our people in how, when and where they work.

Creating the ethos, capabilities and expectations that effectively support customer centricity. Ensuring our people can support customers through interactions that suit their needs whether through physical or digital presence.

Ensuring we have the ethos, capabilities and expectations to support the development and implementation of effective, agile and integrated policy.

Ensuring we have the ethos, capabilities and expectations that support effective collaboration. Supporting career journeys into and beyond IR through greater connections with other agencies.

People Strand Approach

To achieve this, we need to focus on shifting four interconnected elements:

Ethos – IR's values, spirit and mind-set

Experience – the practice and reality of working as part of IR

Environment – the settings and surroundings within which IR work is done

Expectations – the performance assumptions that define the working relationships between IR and our people.

Changes across these elements will need to strengthen our business performance, and will be guided by the **3 key principles that define our ethos:**
- individuality matters
- empowerment guides our practice
- agility keeps us relevant.

Delivery

These elements do not stand alone. To achieve the change we envisage, we need to shift our approach across all four in tandem. There are a range of initiatives that will drive significant steps forward across these four elements, particularly within the **Business Transformation** and **People & Culture work programmes**.

Ethos

... IR's values, spirit and mind-set

As the common thread that strongly connects the four elements of our people approach, ethos is the most critical to get right, the least tangible, and the area we have least control. So how do we describe ethos? How do you capture and distil the spirit or mind-set of an organisation? How does this translate into changes in how we act and what we do in terms of our people, leadership and workforce management practices? Alongside our core set of values, the answer lies in *three principles* that will both shape and check the actions we take across all of our vehicles for change.

IR's Values:
- ❑ **Trust and integrity**
- ❑ **Innovating to make a difference**
- ❑ **Valuing people**
- ❑ **Working together**

ETHOS PRINCIPLES:

✓ *Individuality matters.*
This means that we approach issues from the perspective of what will work for each member of our workforce, in line with how we approach each customer. One-size-fits-all is no longer our default. We don't therefore have one workforce, but a collection of workforces, down to a 'workforce-of-1' in many circumstances.
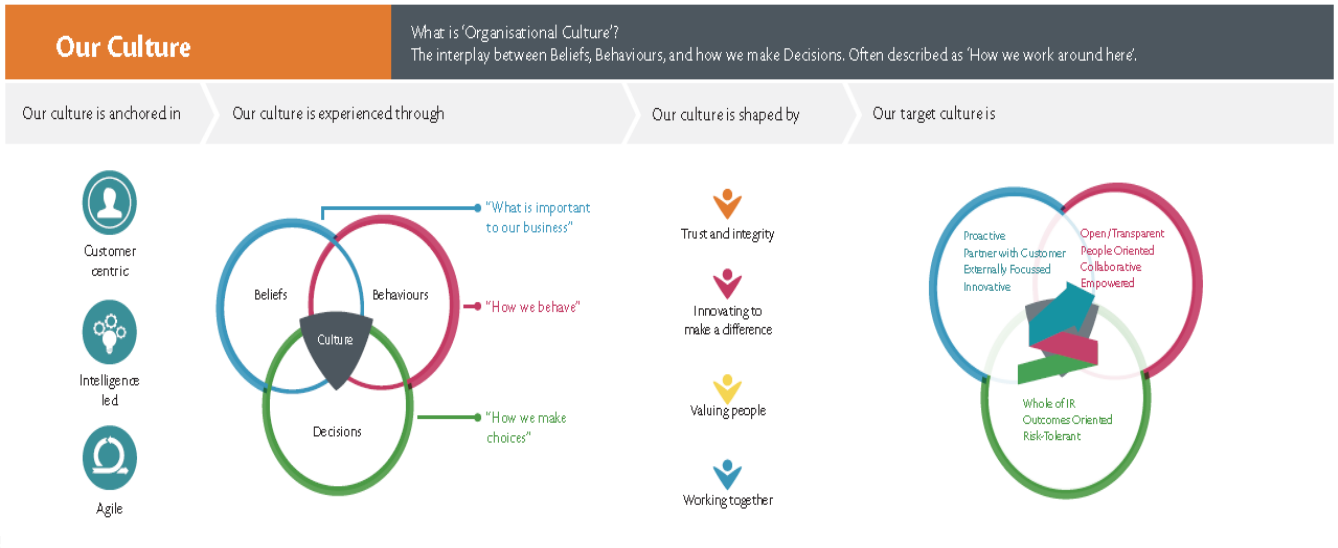
✓ *Empowerment guides our practice.*
This means that as an organisation we continually work to provide a range of options for our people, enabling them to make the decisions about how best they can deliver and perform for IR. We trust that our offerings, and the calibre and behaviours of our people, will form and re-form positive and productive working relationships.

✓ *Agility will keep us relevant.*
This means we design and manage as flexibly as we can, with simple approaches and processes that can flex and change as we need them to.

We have collectively developed a picture of what kind of culture we want, and we are using a 3-tiered model and set of 11 cultural scales to describe the shifts we want and to measure progress in the gaps we need to bridge.

Our Culture

What is 'Organisational Culture'?
The interplay between Beliefs, Behaviours, and how we make Decisions. Often described as 'How we work around here'.

Our culture is anchored in	Our culture is experienced through	Our culture is shaped by	Our target culture is

Customer centric

Intelligence led

Agile

Beliefs — "What is important to our business"

Behaviours — "How we behave"

Culture

Decisions — "How we make choices"

Trust and integrity

Innovating to make a difference

Valuing people

Working together

Proactive Partner with Customer Externally Focussed Innovative

Open/Transparent People Oriented Collaborative Empowered

Whole of IR Outcomes Oriented Risk-Tolerant

How will we deliver this?

The Delivery Summary provides a detailed overview of the key initiatives that will deliver this change.

Our values and ethos principles need to shape decisions across all our leadership, communications and investment. *These change enablers relate to all four elements – connecting our ethos with decisions that will shape the experience, environment and expectations our current and future wider workforce feel, see and hear.*

In particular, we will need:
- ➢ Agile and simple organisation design, that reflects differentiated work and workforce requirements.
- ➢ Clear messages to shape our engagement across IR, the public sector, partners and with potential members of our future workforce.
- ➢ Clarity around the people capabilities we need, and various approaches to uplift, maintain and develop capability.
- ➢ Role architecture that allows for flexibility and different types of work or employment relationship.
- ➢ Culture build and change initiatives that embed the ethos deeply within 'how things are done around here'.
- ➢ People guidelines, processes and systems that cater for workforces-of-1 and which support leaders to maximise the contribution of each individual.
- ➢ Strong data, intelligence and insights about our current workforce, and potential members of our future workforce.
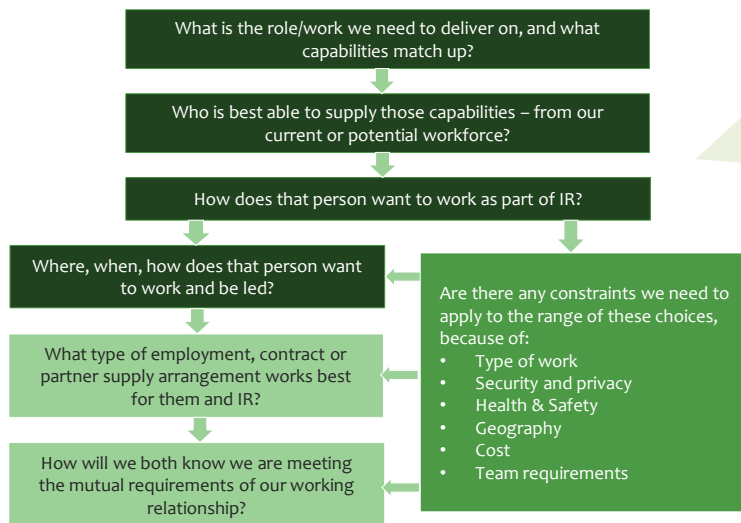
Experience

... the practice and reality of work as part of IR

The practice and reality of what each individual experiences when they work as part of IR needs to fundamentally match-up with the ethos we aspire to. Transforming the experience of working as part of IR will require a seamless alignment of work and people policies, processes and technology, with the every-day leadership and management of people and work. The approach and style of leaders and how we organise and manage work will be the key markers of this alignment.

Our Organisation Design Blueprint describes **6 transformative shifts** and **10 Key Design Decisions** that describe the future IR work experience.

1 Pro-active and customer centric organisation

#1 We will increasingly provide **proactive customer assistance that is relevant to the customer lifecycle**. We will be better at influencing customer compliance behaviour through rapid problem-solving, greater use of insight and more empowered staff.

#2 We will **adopt a customer-centric organisation model and establish clearer accountabilities to manage customers**. We will integrate end-to-end services and have more focused delivery to influence customer compliance.

2 Information harnessed and intelligence-led

#3 We will **consolidate information across the organisation and embed insight in the business.** We will drive the sharing of information and use of intelligence to support effective decision-making to meet IR's accountabilities.

3 Effective and efficient business working in multiple modes

#4 We will **direct and design the revenue system** and **leverage delivery of processes by partners** to improve IR's **effectiveness and efficiency**. We will **drive value to government** while protecting the integrity of the system.

#5 We will **consolidate and streamline the delivery of business services** to increase the value to IR, our customers and the government.

#6 We will **manage strategic and advisory services more holistically** to better direct IR's strategy and steer the organisation towards achieving an IR for the future.

4 Elevated organisation and policy agility through innovation and change

#7 We will **elevate organisation and policy agility through integrated design and implementation of policy, change and innovation**. We will better **collaborate** with industry, government and NGOs, to increase our ability to respond to environmental changes and quickly realise value.

5 Alliances and partnerships across government and private sector

#8 We will **build stronger alliance and partnership management capability** to support the fostering of relationships with private, intra/inter government and non-government sectors. We will achieve greater value of services through our partnerships.

6 Motivated diverse workforce operating as 'one IR'

#9 Our **future workforce will shift to be more knowledge based**. Our people will be equipped with business acumen, more focused on problem solving and less on transactional processes. We will be a smaller future organisation with higher skills.

#10 We will **motivate and enable the future workforce through enhanced workforce management**. We will modernise our performance management, have more relevant employee value, a renewed organisation culture and inspiring leadership.

As we implement these shifts and for IR to deliver at an individual level for our people, *we will need to re-orient our people approach so that the our ethos principles* are embedded in our thought processes and decision-making. What this means is that *each individual makes their own experience* – if they have the capabilities and can deliver what IR needs to achieve our business objectives:

- What is the role/work we need to deliver on, and what capabilities match up?
- Who is best able to supply those capabilities – from our current or potential workforce?
- How does that person want to work as part of IR?
- Where, when, how does that person want to work and be led?
- What type of employment, contract or partner supply arrangement works best for them and IR?
- How will we both know we are meeting the mutual requirements of our working relationship?

Are there any constraints we need to apply to the range of these choices, because of:
- Type of work
- Security and privacy
- Health & Safety
- Geography
- Cost
- Team requirements

What will be different for leaders?
Leaders will need to balance the wishes and needs of each member of their team with IR's work and business needs in how they apply policies and processes. They will need to be adept at managing a range of different types of connections and relationships – through varied employment and contractual arrangements, and across multiple working styles, physical and digital locations, and different times.

How will we deliver this?

The Delivery Summary provides a detailed overview of the key initiatives that will deliver this change.

➢ Organisation design – including role design, ways of working, location, customer and collaboration requirements.

➢ Capability Uplift Roadmap – identification and prioritisation of uplifts, decisions about build, buy and augment.

➢ Role architecture – building in agility and flexibility for how work is done.

➢ Leadership development – expanding the depth and agility of leadership capability to support individual empowerment and choice of experience.

➢ Review of performance approach – ensuring we are clear about the expectations of behaviours, understanding the impact these have on others' experience of working with IR.

➢ Enterprise Support Services – data, information and analytics about current workforce capabilities.

Environment

... settings and surroundings in which IR work is done

As we embed the ethos, we need to ensure that the settings and surroundings within which IR operates are aligned and fit for our future workforce requirements.

Geographical presence:

An evolving approach to our geographical presence will be shaped by how well our agility matches with our customer-centricity. Where IR will be present and where work will be done will be based on:

(a) Who our customers are, how we interact with them, and where they are (nationally, internationally)
(b) how our business stays responsive, and who we partner with to deliver services
(c) how we access the required people capabilities
(d) organisational considerations like cost, leadership and presence.

This evolution will be shaped by data, information and intelligence about what customers want and where they are, and how far and fast the changes to digital and virtual technology can take us in meeting these needs.

Workforce presence:

Within our re-oriented approach to people and customers, we will need a redefinition of what 'presence' means, and to provide a range of evolving choices about where, when and how work will be done.

We will need a shift in beliefs, a shift in how leaders lead, and a shift in our understanding and recognition of how work gets done.

In particular, we need to consider:

➢ A change in our definition of what counts as 'working time' – the concept of a standard working week (Monday-Friday 9-5) will morph to the understanding of a 'professional day' concept.
➢ A professional day may be different between different people, doing different types of work. One segment of our workforce may largely stay within the Monday-Friday boundaries, others may extend this to evenings, and others will fit work around life events and complete it in short bursts throughout a 24-hour period.
➢ This will lead to different requirements of the 'office' and where work is done. Many people will want access to a range of workplace options – an IR/partners' office to go to, technology that enables mobile working and working from home.
➢ We will need leaders who can manage their people across a variety of locations, times and places – with the supporting technology and facilities they need.

Workplace requirements:

To support this choice, we need to design approaches to workplace that cater for a range of different requirements, across a range of types of workforces and locations, within limits of cost and feasibility.

To deliver on the ethos and attract and retain the capabilities required, we will need to offer:

➢ Leading edge (and regularly evolving) digital tools for leaders and staff to use to communicate, collaborate and learn
➢ Workplace facilities that offer a choice of traditional desks/offices, collaborative spaces, activity-based work settings and lone-working options – many of our facilities will need to offer all or most of these options
➢ Workplace technology and security settings that enable people to choose the device(s) they use, how mobile they are, and where they work
➢ Policies and practices that make it easy to work within and across a range of places, times and methods
➢ A redefinition of how we recognise the value of work – from a when (worked hours) to what (delivery) and how (in line with objectives and cultural anchors).

How will we deliver this?

The Delivery Summary provides a detailed overview of the key initiatives that will deliver this change.

➢ Organisation design – particularly around role design and working practices
➢ Workplace Communications and technology Roadmap – delivery of a range of enabling options for devices and locations
➢ Workplace and facilities Roadmap – designing a range of choices for where people undertake work in 'IR' locations
➢ Leadership development – that focuses on enabling leaders to lead a range of people, in a range of locations, over a range of work-time and type.

Expectations

Expectations within a working relationship are a 2-way street – IR will have to change and refine its expectations of our people, and our people will need to adapt what they expect from IR.

A key part of our transformation is how we shape the individual and collective behaviours of a group of highly talented, collaborative, curious people – within IR and across our growing network of partners. The Organisation Design Blueprint describes a workforce where individuals, teams, functions and organisations work together to deliver high quality customer-focused services and achieve business objectives. The common threads are:

1) capability focused and learning agile – where people focus not only on continually developing what they know (skills, experience) but also how they apply and adapt it
2) collaboration and curiosity – where people are comfortable working in a range of formal and informal teams (both within IR and with other agencies) and using shared information and intelligence to generate valuable insights
3) devolved decision-making and empowerment – where people are supported and accountable for applying their capabilities in order to make quality decisions about what is best for the customer.

We have a set of 12 capabilities that are required for our transformed organisation, and are developing an uplift and learning approach that will support our people to develop or deepen their capabilities. The 12 capabilities are:

- Business acumen and partnering
- Data, analytics and insights
- Leadership
- Change management
- Digital literacy
- Policy quality and agility
- Complex compliance management
- ICT design and integration
- Quality decision making
- Customer advisory
- Information and knowledge management
- Workforce management

There are a number of ways we currently define expectations – and all of these will need to be refined and changed over time:

➤ **Employment or contract** – the basis upon which people access work and IR accesses people – currently primarily focused on 'employment agreements' – but increasingly will consist of a mix of employment, contractual and partnering arrangements.
➤ **Job expectations and role description**s – the construct in which we employ and pay for people, currently relatively fixed and constrained – but will need to change to reflect the need for agility, changing customer and work demands, and changing choices of how and what people want to do as their work.
➤ **Remuneration system and approach** – the policies and approach we take to how we set salary bands and when and how we can use salary as an active part of our value proposition for in-demand capabilities – will be reviewed as part of IR's planned review, and also needs to cater for public-sector principles and settings.
➤ **Performance management approach** – how we define great and poor performance (and evolve this over time), how and when we assess performance, and the real-time and tailored recognition people receive for good performance – will be reviewed as part of IR's planned review. Also needs to cater for a n expanded range of employment and commercial relationships (which may define performance in a range of ways).
➤ **Recognition and reward** – what is celebrated and what we talk/tell stories about – how we open up opportunities for people to learn and stretch their capabilities while ensuring they are able to make and learn from mistakes in a risk-tolerant and learning-focused environment.
➤ **IR's brand and value proposition** – and whether the promise matches up with reality – which will largely be shaped by the rest of the workforce, leadership and culture – the brand and value proposition will be reviewed post the initial organisation design and redesign of role architecture, remuneration system and approach, and in line with evolving market forces. This will also be shaped by our ability to partner with other organisations, as an incubator of talent and to support our people to take career enhancing journeys beyond IR.
➤ **Leadership** – how our people, strategic, process and technical leaders regularly coach people on-the-job – which is a critical part of how we define, redefine expectations and manage people and performance.
➤ **Health and safety** – processes and structures that keep our people safe with new ways of working both inside and outside of traditional workplaces, from home, digitally – we will need to ensure that we and our people are able to identify, eliminate/mitigate, and monitor health and safety risks.

How will we deliver this?

The Delivery Summary provides a detailed overview of the key initiatives that will deliver this change.

➤ Capability uplift approach – defining capability requirements and supporting people to uplift their capabilities to required levels
➤ Review of performance approach and remuneration system – defining performance options, refreshing our approach to remuneration in line with capabilities and supply issues
➤ Leadership development – to enable leaders to understand and assess different types of performance in different ways – covers technical, process and strategic leaders as well as people leaders.
➤ Role architecture – to provide as much flexibility and simplicity as possible to adapt and evolve with different employment or commercial arrangements, types of work and working arrangements.

2025 Picture

Workforce Management lifecycle:

The standard approach to workforce management is enhanced, with particular emphasis on items in dark green. Dotted lines indicate additional options within the cycle to support enhancements.

We will combine workforce forecasting data with insights about how our workforce are performing and feeling about their work environment to make adjustments to our leadership, talent management and engagement programmes. We will actively manage our pipelines, which will include internal career development, partnerships with other agencies, and relationships with education and training organisations.

We will have well-known and distinct value propositions across the major capability markets we need access to. This will enable differentiation of employment arrangements, recognition and reward approaches and career pathways. IR will be recognised as an important 'career-building' step for a number of specialist capability streams.

IR will have a variety of partner arrangements with other organisations, within NZ and internationally, to support the supply and exchange of capabilities depending on our reciprocal needs. We will use these partner arrangements to access capability where our need for it is short-term or variable, or where the costs of accessing the level of talent we need are above our remuneration and reward levels.

I first came to work at IR through a secondment from another government agency as part of a cross-agency career development pathway. After having children I went on to become a contractor so I could shape my working hours around my childcare commitments while retaining my specialist knowledge. Over the last year I have had three assignments with IR as a technical tax expert.

IR values me as a specialist in my field and my role includes leading and participating in problem-based teams, and co-ordinating an active community of practice with members from within IR and across partner agencies.

As a people leader, I make weekly decisions about deployment of people, and to forecast where, when and how I access supplementary talent. I use every discussion with my people to look at how they are performing, how their behaviour is contributing to IR's culture and brand, and how we are supporting them to meet their aspirations.

Through our extensive partnering arrangements and flexible employment arrangements, we will be able to increase and decrease the supply of capability based on business need.

Roles in IR will be clustered by capability, defined as a mix of skills, knowledge, experience and aptitudes. People will be flexibly deployed through assignments on the basis of business need – through a mix of cohort-based and problem-specific teams that will enable them to maximise their ability to contribute. There will be different expectations on performance depending on assignment objectives, and how people's behaviours are embodying IR's culture.

potential talent — attract — recruit — partner — access — predicted demand — alumni — culture — performance — leadership — induct — exchange — exit — retain — develop — deploy

Predictive analytics informing advanced workforce management practice

Strategic Choices and Risks

There are a number of strategic choices to make as we re-orient our approach, covering issues such as:
- How much do we invest in building or buying capability?
- How much will demographics and supply of specialised capabilities influence or constrain our choices?
- How do we support people's career expectations, with IR and across public and other sectors?
- How do we support the development of pools of talent, within IR and across sectors/partners?
- How do we support our leaders to understand and adapt to the changing nature of leadership/teams?
- Where do we position ourselves in the different markets we need to access for capabilities?
- How do we generate insights about the different markets we are in/need to be in to inform workforce decisions?

Risks <u>to</u> the People Strand:
- Cost of change and level of investment required (will and skill)
- Nature of engagement with current workforce and leaders
- Demographics and skills supply of accessible labour market
- Public sector employment arrangements and sector-wide approaches
- Plans and processes for transition decisions
- Choice of incremental or disruption approach.

Risks <u>of</u> the People Strand:
- Cost of change and level of investment required (will and skill)
- Nature of engagement with current workforce and leaders.

Workforce (and risk) context:
- *The labour force aged under 25 years is projected to remain under 400,000 between 2015 and 2068. Young workers will account for about 1:7 of the labour force in 2021, and 1:8 by the 2050s (median projection).*
- *In 2038, the number of single parent families will have increased from 166,000 in 2013 to 191,000. 22% of these will be single male parents compared with 18 % in 2013.*
- *Retirement demand will be 31,000 per year from 2014 to 2024, mostly in the highly skilled area (12,000 – managerial and professional roles mainly in these industries: education and training (teachers); professional and technical services; health and social assistance; and agriculture (farmers and farm managers)).*
- *The number of people identifying with Asian ethnicities is likely to exceed the number identifying with the Māori ethnicity from the mid-2020s.*
- *According to McKinsey analysis, fewer than 5% of occupations can be entirely automated using current technology. However, about 60% of occupations could have 30% or more of their constituent activities automated. In other words, automation is likely to change the vast majority of occupations—at least to some degree—which will necessitate significant job redefinition and a transformation of business processes.*
- *Aron predicts that by 2020, 30% of the work will be performed by permanently employed, self-managed clusters. (Clusters are populated by talent with established shared values, work practices, tools, roles and identified strengths or proficiencies).*

Appendix

Relevant TOM Business Capability Target States

Type	Target State aspirations	Aligned
Strategy and Governance	1. Clear strategic priorities and objectives on how to develop and lead people, supported by effective governance and accountabilities.	Y
	2. Strategic decision making is fully informed by the priorities and objectives for developing and leading our people.	Y
	3. Enterprise performance management enables strategic priorities and objectives for developing and leading our people to be managed through clearly defined performance measures.	Y
	4. A collaborative approach is taken with business partners for developing and leading our people.	Y
People	5. Our people have the ability to effectively make informed decisions.	Y
	6. Our people are effective collaborators and can engage with business partners to deliver on business outcomes.	Y
	7. Our people can use appropriate tools such as environmental scanning and analytics to fully inform their activities.	Y
	8. Our people have right levels of technical knowledge and advisory skills.	Y
	9. Our people are change agile and flexible to deliver today whilst supporting the build of tomorrow.	Y
	10. Our people and teams form/re-form to meet business outcomes and individual/team capability development requirements.	Y
	11. Roles and responsibilities for developing and leading people are clearly defined across IR and business partners.	Y
	12. Leaders inspire and influence our people to deliver on the IR culture, vision and outcomes.	Y
	13. Digitally savvy workforce capable and confident in using our systems and analytics.	Y
	14. Our people understand the importance of brand and reputation	Y
	15. Our people have the capability to manage relationships and influence.	Y
Process	16. Processes and business rules are embedded to support performance, career and talent management to be delivered seamlessly to our people.	Y
	17. Strong feedback loop and collaboration exists for the continuous improvement of the way we develop and lead our people.	Y
	18. Practices to lead and develop our people are aligned across government, agile and respond to current and future ways of working.	Y
Technology	19. Technology supports the seamless integration of the identification, developing and leading of our people across IR and business partners.	Y
	20. Technology to support people development and management provides a seamless user experience supported by effective self-management tools.	Y
Data, Information and Metrics	21. Right time insights and analytics are available and used to develop and lead our people.	Y
	22. Metrics are defined and captured to support developing, leading and managing the performance of our people.	Y

Current IR Workforce Stats *(as at May 2016)*

Tenure *(permanent staff)*	HC	HC%	Average Tenure
<1	562	9.8%	0.5
1 – 2	960	16.7%	2.1
3 – 4	538	9.4%	3.9
5 – 9	1216	21.2%	7.8
10 – 14	846	14.7%	12.0
15 – 19	482	8.4%	16.9
20 – 24	310	5.4%	22.6
25 – 29	313	5.5%	27.4
30+	514	9.0%	35.9
Grand Total	5741	100.0%	11.5

Age	%	Average Age
<20	0.5%	19.4
20 - 24	7.2%	23.2
25 - 29	12.2%	27.4
30 - 39	22.1%	34.9
40 - 49	25.2%	45.3
50 - 54	12.4%	52.5
55 - 59	10.3%	57.4
60+	10.1%	64.1
Grand Total	**100.0%**	**43.1**

Type of arrangement	%
Agency Staff	4.7%
Casuals	0.2%
External Contractors	6.7%
Permanent	86.9%
Temporary	1.5%
Grand Total	**100.0%**

- *NZ has the second oldest workforce in the world after Iceland. 20% of permanent IR staff are 55 or older.*
- *91.3% of IR's permanent staff are currently full time, and 8.7% are part-time. 21% of part-time staff are receiving the childcare subsidy compared to 5% of full-time staff.*