



Australian Government  
Australian Public Service Commission

# Capability Review

Pilot Framework  
September 2023





# Capability Review Framework

## Context

Capability reviews are independent, forward-looking and assess an agency's ability to meet future objectives and challenges. They aim to facilitate discussions around an agency's desired future state, highlight organisational capability gaps and identify opportunities to address them.

Reviews are conducted in partnership with agencies, complement existing initiatives within agencies, and provide an independent evidence base for further change.

## About the Capability Review Framework

The Capability Review Framework is made up of 2 parts:

- An **excellence horizon**, which establishes what capabilities the agency needs now and in 4 years; and
- An **analysis of organisational capability**, which is used to identify capability gaps and opportunities against the excellence horizon across 5 domains and 18 elements of organisational capability, and which supports an assessment of capability against a maturity rating scale.

The Framework draws on aspects of the Western Australian Public Sector Commission Agency Capability Review Framework developed in collaboration with the Australia and New Zealand School of Government. The Framework also incorporates the concept of an excellence horizon used by the Te Kawa Mataaho Public Service Commission in its Capability Review Programme, which highlights strategic capability gaps and actions to address these gaps over a forward estimates period.

## Excellence horizon

The excellence horizon sets the context for a review. It describes how the operating context for the agency may change over the next 4 years, and focuses on the capabilities the agency needs to be successful as the context changes.

The agency will forecast their excellence horizon as part of the agency self-assessment. The Senior Review Team will then further develop the horizon through engagement with stakeholders, staff and agency leadership.

Reviewers and agencies start by defining the future outcomes reasonably expected by Australians, which relate to the scope of the agency. The future operating context should consider international trends, trends in government and public expectations of the agency, sector and system context, regulatory considerations, economic and fiscal environment, service delivery, and organisational management.

Reviewers and agencies then consider the contributions the agency will need to make to help achieve these outcomes, considering along the way how the delivery context might change. For example, is the broader system developing in such a way that requires the agency to assume greater responsibility for a service?



By considering these matters as part of preparing the excellence horizon, reviewers and agencies put themselves in the right frame to analyse their organisational capability.

Some framing questions to assist agencies and reviewers to prepare an excellence horizon are below.

Excellence horizon
<b>What capabilities does the agency need to deliver its outcomes and programs over the next four years?</b>
Guiding questions include:
<ul style="list-style-type: none"><li>• What is likely to affect the agency and/or its resources, stakeholders and the users of its services over the next four years?<ul style="list-style-type: none"><li>○ Shifting patterns in the economy, demographics, mega trends</li><li>○ Changes in who uses the agency's services and/or their needs, preferences and expectations</li><li>○ Changes in stakeholders, partners or relationships to deliver results</li></ul></li><li>• What will success look like for the agency?</li><li>• What capabilities will the agency need to be successful?</li></ul>

## Analysis of organisational capability

The Framework is underpinned by an analysis of organisational capability. Working through the domains and elements, reviewers seek to understand the agency's current capabilities and their likely preparedness to meet the agency's future capability needs. They will give the agency a maturity rating against each element to indicate priority areas for capability uplift.

Organisational capability is the combination of:

- Expertise – the combined abilities of staff, including organisational knowledge, skills and human capital.
- Capacity – how the organisation applies this expertise, including through processes and systems.

## Domains and elements

The analysis centres around 5 domains. These are broad focus areas of organisational capability that reflect established models in other jurisdictions and contemporary research. Each domain is comprised of 3 to 5 elements which describe its most important aspects and are tailored to the specific circumstances of the APS.

Each element has a description and characteristics to help reviewers assess the agency's capability. The description provides additional context on the scope of the element, while the characteristics identify signs of mature capability that will be explored by the reviewers.



Leadership and culture	Collaboration	Delivery	Workforce	Enabling functions
Integrity, values and culture	Public sector	Ministers and Parliament	Strategic workforce planning	Financial management
Purpose, vision and strategy	Non-government partnerships	User focus	Staff performance and development	Technology and data
Leadership and governance	Internal collaboration	Strategy	Staff culture and inclusion	Core enabling functions
		Implementation	Staff safety and wellbeing	
		Review and evaluation		

The domains and elements in full can be found in **Attachment A**.

## Maturity rating scale

Each element is rated against a four-point maturity rating scale. Reviewers look at the agency’s current capability and consider how it is likely to develop if no further action beyond what is already planned is taken; this is then compared to the expected capabilities required to meet the challenges within the excellence horizon. The insights are based on evidence collected through the review process. Ratings are assigned based on:

- current capability
- capacity to identify future capability challenges and opportunities, then responding accordingly
- understanding of the system
- support for continuous improvement
- plans for capability uplift.

Maturity ratings provide 2 main benefits:

- Agency heads receive a clear indicator about the state of capability in their agency and can use them to prioritise capability uplift.
- Central agencies and the government can use the ratings across multiple agencies to see where whole-of-APS capability building initiatives might have the most impact.

Reviewers should consider the following when making their assessment:

- Ratings are forward looking and should not be a reflection of the agency’s past performance.
- A lower rating may not mean an agency has poor capability. Rather, it may suggest that greater focus is needed in that area of capability to meet changed operating conditions.
- If there is insufficient evidence to support assessment of an element, reviewers will apply a default rating of **Emerging**.



## Capability rating scale

In circumstances where an agency exhibits characteristics across more than one rating, the rating where **most** characteristics align will apply.

Rating	Description
<b>Leading</b>	<ul style="list-style-type: none"><li>• Excellent current capability</li><li>• Strategic and systematic approach to forecasting future capability challenges and opportunities</li><li>• Widespread environmental scanning identifies opportunities to learn from others</li><li>• Continuous improvement is an agency-wide priority</li><li>• Capability uplift activities are highly likely to equip the agency for challenges identified in the excellence horizon</li></ul>
<b>Embedded</b>	<ul style="list-style-type: none"><li>• Good current capability</li><li>• Widespread activity to forecast future capability challenges and opportunities</li><li>• Some environmental scanning identifies opportunities to learn from others</li><li>• Widespread evidence of continuous improvement activities</li><li>• Capability uplift activities are mostly likely to equip the agency for challenges identified in the excellence horizon</li></ul>
<b>Developing</b>	<ul style="list-style-type: none"><li>• Inconsistent current capability</li><li>• Limited forecasting of future capability or opportunity gaps</li><li>• Early stage activities to improve in areas of future and current capability gaps</li><li>• Limited environmental scanning or evidence of learning from others</li><li>• Limited focus on continuous improvement</li><li>• Capability uplift activities are limited and will not fully equip the agency for challenges identified in the excellence horizon</li></ul>
<b>Emerging</b>	<ul style="list-style-type: none"><li>• Capability does not meet the agency's current needs</li><li>• Little or no evidence of forecasting future capability or opportunity gaps</li><li>• Little or no awareness of current capability gaps</li><li>• Little or no evidence of environmental scanning or learning from others</li><li>• Little or no evidence of continuous improvement</li><li>• Agency is unlikely to be ready to meet for challenges identified in the excellence horizon</li></ul>



# Attachment A: Capability Review Framework domains and elements

## Leadership and culture

Element	Description	Characteristics
<b>Integrity, values and culture</b>	The capability to embed integrity and APS values in the work of the agency. The agency engages with risk appropriately and embodies integrity in everything it does.	<ul style="list-style-type: none"> <li>• Agency can monitor, measure and address integrity and cultural issues as needed</li> <li>• Agency ensures third party providers also embed integrity and APS values in their work for the agency</li> <li>• Leaders model the APS values</li> <li>• Staff are committed to the APS values</li> <li>• Staff balance risk and opportunity in a way that is consistent with the agency’s risk appetite</li> </ul>
<b>Purpose, vision and strategy</b>	The capability to articulate a purpose, vision and strategy based on government priorities and legislative responsibilities, and successfully communicate this to staff and stakeholders.	<ul style="list-style-type: none"> <li>• Agency has meaningful strategy that aligns with government priorities</li> <li>• Staff can link the purpose, vision and strategy to their work</li> <li>• Agency is future focused and anticipates changes to its operating environment</li> <li>• Purpose, vision and strategy can adapt to external change</li> </ul>
<b>Leadership and governance</b>	The capability to provide cohesive leadership and direction, and to establish organisational structures that are efficient and effective.	<ul style="list-style-type: none"> <li>• Leadership team is of a high quality</li> <li>• Leadership team works together effectively</li> <li>• Agency has effective and efficient organisational structures, including optimal management structures for the agency’s needs</li> <li>• Effective governance is in place (including cadence of meetings, membership, meeting discipline, and documentation)</li> <li>• Leaders are identified and developed at all levels to meet emerging agency needs</li> </ul>



## Collaboration

Element	Description	Characteristics
<b>Public sector</b>	The capability to establish enduring and collaborative relationships with other public sector agencies that support agency and government priorities.	<ul style="list-style-type: none"> <li>• Agency identifies and acts on opportunities to collaborate with local, state, Commonwealth and international bodies</li> <li>• Agency has mechanisms in place to ensure relationships are sustainable</li> <li>• Consultation with public sector agencies is systemic and built into standard processes</li> <li>• Agency’s collaboration reflects agency strategy</li> <li>• Agency’s collaboration supports the public sector to operate more effectively and efficiently</li> <li>• Agency has a track record of delivering outcomes in partnership with other public sector agencies</li> <li>• (for departments of state) Department has clear lines of communication and works collaboratively with portfolio agencies</li> </ul>
<b>Non-government partnerships</b>	The capability to establish enduring and collaborative relationships with non-government entities to support agency and government priorities.	<ul style="list-style-type: none"> <li>• Agency identifies and acts on opportunities to collaborate with business, not for profit organisations, academia and peak bodies</li> <li>• Agency has mechanisms in place to ensure relationships are sustainable</li> <li>• Agency assesses the value of collaboration on an ongoing basis</li> <li>• Agency’s collaboration reflects agency strategy</li> <li>• Agency’s collaboration supports entities within the sector to operate more effectively and efficiently</li> <li>• Agency chooses appropriate methods to establish and maintain relationships based on their purpose and audience, drawing on APS, Australian and/or international standards</li> </ul>
<b>Internal collaboration</b>	The capability to engage and establish effective and collaborative internal partnerships, ensuring the agency can make best use of its collective capabilities.	<ul style="list-style-type: none"> <li>• Agency presents a whole-of-agency view that reflects cooperation across different functions</li> <li>• Agency teams share their expertise to benefit the whole organisation</li> <li>• Consultation with internal partners is systemic and built into standard processes</li> <li>• Staff report it is easy to find help or the answers they need internally</li> <li>• Agency encourages innovation through systems that enable engagement at all levels</li> </ul>



## Delivery

Element	Description	Characteristics
<b>Ministers and Parliament</b>	The capability to meet the needs of ministers and the Parliament.	<ul style="list-style-type: none"> <li>• Agency sustains effective working relationship with ministers and offices</li> <li>• Agency demonstrates an understanding of the different roles of the APS, government and parliament</li> <li>• Agency provides impartial, evidence-based advice and information that is responsive to the needs of government and the parliament and consistent with APS values</li> <li>• Agency engages effectively and appropriately with parliamentary processes (Senate Estimates, Questions on Notice, inquiries, legislative processes, reporting etc.)</li> </ul>
<b>User focus</b>	The capability to use an understanding of the people and organisations affected by the agency to deliver effective and fit-for-purpose outcomes for them.	<ul style="list-style-type: none"> <li>• Agency regularly engages with the people and organisations it serves in an open and authentic way</li> <li>• Agency understand the needs of the people and organisations it serves, including at the cohort level</li> <li>• Agency designs and updates services and policies to reflect feedback and research into user needs</li> <li>• Agency anticipates and responds to changing needs of users</li> <li>• Agency considers the views and needs of a diverse range of stakeholders</li> <li>• Agency chooses appropriate engagement methods for their purpose and audience, drawing on APS, Australian and/or international engagement standards</li> </ul>
<b>Strategy</b>	The capability to understand the system/s the agency operates in, the government's agenda, and to develop high quality advice to deliver outcomes for Australians.	<ul style="list-style-type: none"> <li>• Agency understands the system/s it participates in, including trends and likely changes, the levers for reform, and the government's vision</li> <li>• System participants, roles and responsibilities are clearly articulated and understood by staff and stakeholders</li> <li>• Agency's advice is timely, clear, well-reasoned, forward looking and provides relevant context</li> <li>• Agency provides advice on different delivery options (e.g. technologies, engagement models, uses of data), including assessing risks</li> <li>• (for departments of state) The portfolio has the strategic policy capability to consider complex, whole-of-government issues</li> </ul>
<b>Implementation</b>	The capability to deliver efficient and effective	<ul style="list-style-type: none"> <li>• Agency implements government policy, programs and services effectively and efficiently</li> </ul>





Element	Description	Characteristics
	services, programs and other initiatives.	<ul style="list-style-type: none"><li>• Agency designs performance indicators to track progress for any services or programs</li><li>• Agency routinely improves implementation methods</li><li>• (where relevant) Agency can efficiently and effectively use third party providers to deliver outcomes for the Commonwealth</li></ul>
<b>Review and evaluation</b>	The capability to use review and evaluation activities to maintain performance and drive improvement.	<ul style="list-style-type: none"><li>• Agency routinely reviews and evaluates policy advice and implementation</li><li>• Review and evaluation findings inform policy advice and implementation</li><li>• Review and evaluation practices are embedded in agency processes and are sustainable</li></ul>



## Workforce

Element	Description	Characteristics
<b>Strategic workforce planning</b>	The capability to understand and act on current and future operating and workforce requirements, including critical job roles, succession management and recruitment/retention strategies to prepare for future needs.	<ul style="list-style-type: none"> <li>• Workforce planning activities are consistent with agency's vision, purpose and strategy</li> <li>• Agency understands the expertise of its workforce at individual and whole-of-organisation levels and applies them effectively</li> <li>• Agency understands its future skill needs and strategically uses recruitment, retention, succession management, mobility, reskilling and other activities to meet those needs</li> <li>• Agency proactively manages the talent pipeline for the agency</li> </ul>
<b>Staff performance and development</b>	The capability to develop staff in ways aligned to the future needs of the APS, and to improve the performance of individuals and teams.	<ul style="list-style-type: none"> <li>• Agency identifies and supports high value staff development activities based on workforce planning activities and individual needs</li> <li>• Managers understand, value and enable staff development as a core responsibility</li> <li>• Agency measures the effectiveness of skills development</li> <li>• Agency effectively encourages high performance and remedies low performance</li> <li>• Managers encourage and enable staff development and learning relevant to their role and the future needs of the APS</li> </ul>
<b>Staff culture and inclusion</b>	The capability to develop and maintain an inclusive working environment that gives staff a sense they belong and are valued.	<ul style="list-style-type: none"> <li>• Agency recruits, retains and values a diverse workforce</li> <li>• Agency encourages diverse ideas, cultures and thinking</li> <li>• Agency staff are empowered to take risks and experiment</li> <li>• Staff engagement is high</li> </ul>
<b>Staff safety and wellbeing</b>	The capability to maintain a physically and psychologically safe working environment for staff.	<ul style="list-style-type: none"> <li>• Agency meets its work health and safety obligations</li> <li>• New policies and initiatives consider the health and wellbeing of staff in their design</li> <li>• Staff consider their workplace to be physically and psychologically safe</li> <li>• Agency takes proactive measures to improve safety</li> <li>• Responses to incidents are effective in reducing risk</li> </ul>



## Enabling functions

Element	Description	Characteristics
<b>Financial management</b>	The capability to deliver financial plans that support the agency’s strategic objectives, and to ensure the use of public funds is transparent, accountable, and fit for purpose.	<ul style="list-style-type: none"> <li>• Investment and resourcing decisions are aligned with agency priorities</li> <li>• Financial planning is effective and appropriate across all parts of the agency</li> <li>• Agency can provide a single source of truth on budget and spending</li> <li>• Agency understands its economic environment and likely financial trajectory</li> <li>• Resources can be adapted and shifted as priorities change</li> <li>• Agency can identify, investigate, report on and address financial issues.</li> </ul>
<b>Technology and data</b>	The capability to make efficient, effective and forward looking use of technology and strategic data assets to support the work of the agency.	<ul style="list-style-type: none"> <li>• Technology capability meets staff needs</li> <li>• Agency maintains and monitors the use of technologies</li> <li>• Agency has mechanisms to ensure a pipeline of contemporary digital and technology expertise</li> <li>• Agency makes strategic decisions about the comparative value of different technologies, including when to use whole-of-government or in-house solutions</li> <li>• Agency proactively improves the agency’s technologies and considers emerging technologies to meet future needs</li> <li>• Agency ensures the quality of information and data held by the agency and enables its use internally as well as share appropriately with external stakeholders.</li> <li>• Agency manages data ethically and confidentially</li> <li>• Agency ensures the security of agency data and systems.</li> </ul>
<b>Core enabling functions</b>	The capability to effectively identify, design, resource and deliver whole-of-agency shared functions to internal customers that are most important to the agency and its work.	<ul style="list-style-type: none"> <li>• Agency actively decides which staff-facing functions will be delivered centrally (for example finance, legal, research, procurement, ethics, technology, property etc.)</li> <li>• Agency manages the tension between central and distributed functions effectively</li> <li>• Core functions are adequately resourced and supported by leadership</li> <li>• Core functions meet staff needs.</li> </ul>