



# Directive

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Premier  
& Cabinet

# Agency Change Management Guidelines

## September 2011



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## 1. Revision History

Version	Approval Date	Next Review Date	Amendment notes
1	11/07/2011	21/12/2011	
2	29/08/2011	30/06/2014	Updated to reflect the delegation of approval from DPC to the Directors General of the agency clusters.

## 2. Introduction

Agency heads are responsible for managing organisational change within their agency, including planning and implementing change and managing affected employees. Directors General are responsible for approving change management plans for agencies in their clusters, and ensuring compliance with these guidelines and alignment with the reform of corporate and shared services in the NSW public sector. The *Agency Change Management Guidelines* are to be applied in conjunction with the NSW Government's policy for managing excess employees introduced in [Premier's Memorandum 2011-11 Changes to the Management of Excess Employees](#), and the associated [Case Management and Redeployment Guidelines](#).

## 3. Application

These guidelines apply to NSW Government Service Departments and Divisions (as defined in the [Public Sector Employment and Management Act 2002](#)) undergoing organisational change.

## 4. Planning organisational change

### 4.1 Considerations

Agency heads should make decisions on organisational change through a systematic planning process that takes into account:

- the agency's current and future plans and functions
- the agency's budget
- the agency's customer service delivery obligations
- flexible employment options
- good employment practices.

When assessing strategies for reducing numbers of employees, agencies should consider the range of options including natural attrition, limiting recruitment and introducing flexible work practices such as part-time work, job share, part-time leave without pay and part year employment.

Before any decision is made about the skills and competencies required and the positions to be retained, created or abolished, agencies should ensure that:

- the requirements of the [Community Relations Commission and Principles of Multiculturalism Act 2000](#) for delivery of appropriate services are met
- Equal Employment Opportunity groups are not disproportionately affected and discriminatory decisions are not made (e.g. decisions based on age, sex, pregnancy, marital status, disability, race or ethnicity)
- outcomes are fair and reasonable and employees are managed with sensitivity to the pressures of change on both themselves and their families.

Any organisational change must focus on positions or jobs, not individual employees.

**Unsatisfactory performance, or allegations of unsatisfactory or poor performance, are not grounds for abolishing positions and declaring employees excess.**

### 4.1.1 Relocation of employees to available work

When work is no longer available at a particular metropolitan or rural location, agencies may need to relocate jobs to alternative areas to meet community demands and deliver services effectively.

If work is no longer available at an employee's current location, an agency head may require the employee to relocate to an area where there is available work. The position at the new location must be at the same salary level as the previous position the employee held, and the employee should possess the skills and qualifications required to perform in the job. Where the work at the new location is different from the employee's former work, the agency must provide the employee with the necessary support, including staff development or training, to be able to perform effectively in the role.

#### 4.1.1.1 Relocation provisions

Employees within the Sydney metropolitan area may be transferred to suitable available positions elsewhere in the metropolitan area. Employees in regional New South Wales may be required to relocate where there are no suitable available positions in their current location. Employees should not be relocated if they have a valid reason for refusing a transfer.

For public service officers who are required to relocate, the relocation provisions contained in the Crown Employees (Public Service Conditions of Employment) Award 2009 and the [Crown Employees \(Transferred Employees Compensation\) Award 2009](#) will apply.

#### 4.1.1.2 Relocation considerations

Agencies should consider the following in relocating employees:

- What is the purpose of the proposed relocation?
- Is the proposed relocation consistent with the Government's current policies and broad objectives?
- Would the employees have to move house as a result of relocation?
- What consultative arrangements are in place to assess the potential impact of the relocation on employees and service delivery?
- What are the potential impacts on employees in regard to housing, transport, re-establishment and other costs?
- What are the social impacts on employees' families, including education, medical facilities, job prospects and other such responsibilities?
- Ways to manage any disproportionately higher impact on: female employees; employees with disabilities; employees caring for elderly or sick relatives; or any other people with special needs or responsibilities.
- What is the likely impact of losing key employees as a result of proposed relocation?

- What is the likely impact of the proposed relocation on employees' prospects for career and personal development?
- Will employees have access to support facilities and services at the proposed relocation area?
- Has sufficient information been collected to satisfactorily assess the impact of proposed relocation, including the state of the property market?
- Has this information been satisfactorily analysed?
- Have there been any areas identified in the consultation process that require further attention?
- What assistance is available to employees who transfer to the new location?
- What is the overall cost/benefit of the relocation?

### 4.2 Change Management Plans

Agencies (or parts of agencies) undergoing significant organisational change are required to prepare an organisational change management plan and submit it to the Director General of the agency's cluster for approval.

The Director General of the relevant cluster is responsible for ensuring that the change management plan:

- complies with these guidelines, and
- aligns with the reform of corporate and shared services in the NSW public sector.

Directors General must first consult with the Department of Premier and Cabinet, if they are considering the approval of an agency change management plan that may have implications for other agencies in the NSW Public Sector.

Agencies are not required to develop a change management plan for minor changes, such as where only a few employees are likely to be affected or one-off offers of voluntary redundancy result.

The recommended process for implementing a change management plan is as follows:

1. Obtain Ministerial approval for the organisational change to proceed.
2. Develop the change management plan.
3. Consult employees and the relevant union(s) on the change management plan.
4. Submit the plan to the Director General of the relevant cluster for approval.
5. Commence the organisational change.

Change management plans should be prepared by the organisation's human resources section in conjunction with the agency head and other appropriate management staff. The plan identifies major stakeholders, outlines the communication and consultation approach, describes the staff placement procedure and articulates strategies to achieve the change.

Change management plans should include information about the following:

- background and reasons for the organisational change
- Ministerial approval
- employee communication strategy
- support services for employees
- plans for consultation with employees and relevant unions
- workforce planning needs and impact on services and functions
- changes to organisational structure, including positions being deleted and created
- the proposed means for filling positions (the placement procedure)
- details of any proposed voluntary redundancy programs
- impact on Equal Employment Opportunity groups
- impact on staff with special needs
- impact on rural communities
- management of excess employees
- management of temporary employees
- proposed timetable for implementation.

A change management plan template is attached that describes each of these sections in detail (Appendix 1). It is recommended that agencies prepare their change management plans using this template.

### **4.2.1 Ministerial Approval**

Agencies undergoing significant organisational change, including any proposed voluntary redundancy program, are required to obtain Ministerial approval to proceed.

### **4.2.2 Consultation**

Agencies are required to consult with employees and the relevant union(s) on the content of the change management plan, including details of employee services and any proposed voluntary redundancy program. Union consultation may take place before or after a plan is submitted to the relevant Director General. If it is to take place after Director General approval, details of the intended consultation should be included in the plan. Agencies should advise the Department of Premier and Cabinet of any significant industrial dispute with respect to the change management plan.

## **4.3 Voluntary redundancy programs**

The [Managing Excess Employees Policy](#) requires that all employees declared excess as a result of organisational change will be offered voluntary redundancy. Agencies may also consider implementing a general voluntary redundancy program as part of their change management process and before any employees are declared excess. Details of the program should be outlined in the change management plan, including:

- a process for the selection of employees for voluntary redundancy, where expressions of interest are to be called
- workforce planning considerations
- cross-transfer arrangements and voluntary redundancy swaps
- details of the voluntary redundancy package offered.

### **4.3.1 Cross transfers and voluntary redundancy swaps**

Where a general expression of interest for voluntary redundancy has been offered, agencies may also consider an arrangement where staff are invited to express interest in lateral transfers. The voluntary redundancy program may then be used in conjunction with lateral transfers to reduce potentially excess employees and / or relocate staff to appropriate locations.

### **4.3.2 Funding arrangements**

Funding may be available to cover redundancy costs where the redundancies will result in a permanent reduction in expenses. Refer to [Treasury Circular NSWTC 11/10 Funding for Redundancy Payments](#) for further information.

## **5. Implementing organisational change**

### **5.1 Key steps**

#### **5.1.1 Communication, consultation and support services**

The change management plan should describe an employee communication and consultation strategy that informs affected employees about the organisational change throughout the lifecycle of the restructure and invites consultation and feedback where appropriate. Information sessions should involve senior management as well as any relevant specialist advisors (e.g: superannuation, taxation). Agencies may provide personal counselling, access to relevant policies and the contact numbers of human resource experts.

#### **5.1.2 Placement of affected employees**

Affected employees are employees whose positions have been deleted, altered or moved as a result of the change and who will become excess if they are not placed in position within the new structure. All efforts must be made to place these employees in positions in the new structure using appropriate placement procedures. Section seven of the change management template provided in these guidelines (Appendix 1) provides an example of an appropriate placement procedure. As a general principle, affected employees and the agency's existing excess employees must be considered for appointment to positions in the new structure before any other employees or external applicants.

The salary matching and priority assessment principles described in the [Case Management and Redeployment Guidelines](#) are to be used to guide the placement of affected employees into positions within the new structure.

### 5.1.3 Declaring affected employees excess

During the lifecycle of organisational change there are often affected employees whose positions have been deleted, but who may yet be placed within the new structure. These employees should not be declared excess until all suitable redeployment opportunities within the new structure have been exhausted. Agencies must ensure that all internal placement processes associated with the organisational change, or the relevant phase of the organisational change, are finalised before any residual employees are made excess.

Where there are suitable vacant positions in the new structure, agencies have the discretion to transfer affected employees to any another position within the agency under section 87 of the Public Sector Employment and Management Act 2002 (and not declare the employees excess).

Once the organisational change, or the relevant phase of the organisational change, is complete, any employees left without a substantive position are declared excess and managed in accordance with the Government's policy for [Managing Excess Employees](#).

### 5.1.4 Consultation

Agencies must consult with employees and the relevant union(s) on the implementation of the organisational change. Nothing in this policy precludes the rights of a party to refer the matter to an industrial tribunal.

Agencies should advise the Department of Premier and Cabinet of any significant industrial dispute(s) with respect to implementation.

## 6. References

The following references may be useful to agencies:

### Legislation

- [Anti-Discrimination Act \(NSW\) 1977](#)
- [Community Relations Commission and Principles of Multiculturalism Act 2000](#)
- [Public Sector Employment and Management Act 2002](#)

### Awards

- [Crown Employees \(Public Service Conditions of Employment\) Award 2009](#)
- [Crown Employees \(Transferred Employees Compensation\) Award 2009](#)

### Memoranda and Circulars

- [Premier's Memorandum 1997-05 Rural Communities Impact Statement](#)
- [Treasury Circular NSW TC 11/10 Funding for Redundancy Payments](#)

### Policies and Guidelines

- [Managing Excess Employees Policy \(D2011 007\)](#), as per [Premier's Memorandum 2011-11 Changes to the Management of Excess Employees](#)
- [Case Management and Redeployment Guidelines](#)
- [Manual of Delegations to Department Heads 2004](#) (Delegation 1)
- [Personnel Handbook](#) (Sections 2-5, Major restructuring within agencies, 2-6, Excess employees, and 3-14, Employer-sponsored permanent transfers (s87))
- The Department of Premier and Cabinet's website [Equal Employment Opportunity in the NSW Public Sector](#)

## 7. Glossary

Affected employee	Employee whose positions have been deleted, altered or moved as a result of the organisational change and who will become excess if not placed in position within the new structure.
Change management	The systematic management of organisational change within an agency, from both the organisation and individual level.
Change management plan	A framework for agencies to use to manage organisational change and ensure a smooth transition to any new structure.
Excess employee	An employee declared excess by their agency when they no longer have a substantive position.
Organisational change	Change that has significant effects on the way work is performed, including new business processes or changes in organisational structure.
Voluntary redundancy program	A program, approved by the relevant Minister, in which voluntary redundancies are offered to a group of employees as a result of organisational change.

## Appendix 1 – Change Management Plan Template

### Change Management Plan for the Organisational Change of {insert name of division/branch and Department}

#### 1. Background and reasons for the organisational change

Include relevant background material and information on the reasons driving the organisational change. These may include, but are not restricted to:

- sector-wide savings or reform measures
- budget constraints
- merging with another agency
- corporate services reform
- relocation
- new technology
- product or service change.

Identify any government savings programs or reform measures driving the organisational change.

#### 2. Ministerial approval

Provide details of ministerial approval of the organisational change and of any voluntary redundancy program.

#### 3. Employee communication strategy

Outline an employee communication plan to:

- inform affected employees about the organisational change throughout the restructure
- invite consultation and feedback where appropriate.

This may include:

- briefing or information sessions
- access to relevant policies or policy advisors
- information circulated via 'fact sheets' or on the agency web or intranet site

#### 4. Support services

Detail specific information about support services that will be provided to affected employees. These may include:

- support provided by HR and management
- access to counselling (e.g. the Employee Assistance Program)
- advice on superannuation, taxation and financial planning
- assistance in applying for positions
- training or retraining support.

## 5. Consultation

Identify plans for consultation with employees (if not already covered in section 3) and the relevant unions regarding the change management plan.

## 6. Workforce planning needs and impact on services and functions

Describe how changes in functions (new functions, the deletion of functions, the merging of functions) will affect the agency's delivery of services and how, where applicable, they are to be effectively managed with reduced staff. Provide detail on changes to workflows, roles and responsibilities, as well as strategies to retain skilled and experienced staff so that services can continue to be delivered.

## 7. Changes to organisational structure

- Identify positions to be deleted, created and retained in the restructure, including their titles, classifications, FTE, grades and locations. It is preferable that these be provided in a table (see example below) to allow a clear comparison of the former and proposed structures.
- Provide information on the process adopted to validate new positions, for example job analysis and job evaluation.
- Provide information on selection panel composition (e.g. will there be consistent or standard representatives?).
- Provide information on any internal complaints policy or reference to the appeals process (e.g. IRC).
- Comment on the potential for employees to be declared excess as a result of the organisational change. Include where possible information on numbers, classification, grades and locations.

Classification	Old structure		New structure			Net Change FTE
	Title	Location	Title	Location	New Position?	
Senior Officer Grade 2	{Position Title}	Sydney Metro	{Position Title}	Sydney Metro	No	0
Clerk Grade 11/12	{Position Title}	Sydney Metro	{Position Title}	Sydney Metro	No	-2
	{Position Title}	Sydney Metro	N/A	N/A	N/A	
	{Position Title}	Sydney Metro	N/A	N/A	N/A	
Clerk Grade 9/10	N/A	N/A	{Position Title}	Sydney Metro	Yes	+2
	N/A	N/A	{Position Title}	Sydney Metro	Yes	
Clerk Grade 7/8	{Position Title}	Gosford	{Position Title}	Sydney Metro	No	-1
	{Position Title}	Parramatta	{Position Title}	Sydney Metro	Yes	
	{Position Title}	Sydney Metro	N/A	N/A	N/A	

## 8. Proposed means for filling positions

Describe the placement policy that will be used to fill the positions in the new structure.

Agency heads have a number of options for filling positions during organisational change, including:

- where there are the same number of positions or more positions than employees in the new structure, directly appointing affected employees to suitable positions. (Refer to Delegation 1 of [Premier's Department Circular 2004-37 Manual of Delegations to Department Heads](#))
- where there are fewer positions than employees in the new structure, appointing affected employees to suitable positions following an internal assessment to rank employees in order of merit
- existing excess employees
- permanently appointing long-term temporary employees under section 31 of the [Public Sector Employment and Management Act 2002](#) (also refer to [C2008-29 Amendments to the Public Sector Employment and Management Act and Regulations](#)).
- permanently appointing long term seconded employees under section 86A of the [Public Sector Employment and Management Act 2002](#)
- advertising promotional opportunities internally (Refer to Delegation 1 of [Premier's Department Circular 2004-37 Manual of Delegations to Department Heads](#))

Below is one example of a placement policy

<b>Step 1</b> 	Affected employees are directly appointed to suitable positions using the salary matching principles described in the <a href="#">Case Management and Redeployment Guidelines</a> . To clarify whether an affected employee has the required skills, experience and qualifications, an assessment process can be conducted. Where there are more affected employees than suitable positions, selection is based on merit.
<b>Step 2</b> 	All of the agency's other excess employees are considered for priority assessment to the remaining suitable positions using the salary matching principles described in the <a href="#">Case Management and Redeployment Guidelines</a> . Where there are two or more excess employees eligible for one position, selection is based upon merit.
<b>Step 3</b> 	Consideration given to permanently appointing long term temporary employees, under s31, or long term seconded employees, under s86a, of the <a href="#">Public Sector Employment and Management Act 2002</a> .
<b>Step 4</b> 	Remaining positions are advertised internally to all qualified members of staff as defined by s19(3A) of the <a href="#">Public Sector Employment and Management Act 2002</a> with selection on merit.
<b>Step 5</b> 	Unfilled vacancies posted for sector-wide redeployment job matching to excess employees via <a href="#">jobs.nsw</a> .
<b>Step 6</b>	Remaining positions advertised externally for merit based selection.

Describe the process by which employees will be assessed (e.g. details of expressions of interest, applications required, panel composition, appeal process etc.).

## 9. Proposed voluntary redundancy program

Provide detailed information on any voluntary redundancy program. This may include:

- workforce planning and retention considerations
- programs for expressions of interest and, where expressions of interest exceed the number of voluntary redundancies to be offered, the selection process
- the package to be offered
- provisions for a cross transfer and VR swap program
- funding arrangements – will the agency will seek Treasury reimbursement for the VR program?

## 10. Impact of the restructure on EEO groups

Comment on the impact on these groups and any additional support services available to assist with redeployment or the transition to the new structure.

## 11. Impact of the restructure on staff with special needs

Comment on the impact on this group and any additional support services available to assist with redeployment or the transition to the new structure.

## 12. Impact on rural communities

Include information (if relevant) on requirements under [Premier's Memorandum 97-5 Rural Communities Impact Statement](#). This may include:

- the characteristics of particular rural communities, and
- any social, economic, environmental or other consequences of the restructure.

If there is no impact, provide a statement to this affect.

## 13. Management of excess employees

Comment on employees who may become excess and how they will be managed in accordance with policy. This may include:

- potential numbers of employees who will become excess as a result of the restructure
- the point in the process at which they will be declared excess (e.g. after internal placement procedures have concluded)
- whether there is a designated case manager
- what support services are available e.g. offsite career transition centres.

## 14. Management of temporary employees

Comment on how temporary employees will be managed, e.g:

- whether they may be entitled to a severance payment
- at what point they will be eligible to apply for positions in the new structure
- how employees who are not placed in the structure will be managed (e.g. will contracts be allowed to run to their conclusion or ended early?).

## 15. Corporate and shared services reform

Comment on how this organisational change aligns with the reform of corporate and shared services in the NSW public sector.

## 16. Proposed timetable for implementation

Provide information on the proposed timing of key events and milestones throughout the life of the restructure. These may include, but are not limited to the following:

Action	Week beginning
Ministerial approval	
Consultation with employees and relevant union(s)	
PSW consultation	
Staff informed of restructure, e.g., via staff meeting	
Expressions of interest for VR sent	
Offer and acceptance of VR	
New positions advertised internally	
New positions close	
Interviews conducted	
Internal recruitment finalised	
Employees declared excess	
Remaining positions advertised externally	
New structure finalised	

## Public Sector Workforce

Public Sector Workforce, DPC can assist agencies with:

- preparing change management plans
- policy advice on organisational change, voluntary redundancy and managing excess employees
- the union consultation process
- job matching and the redeployment system

A Microsoft Office Word version of this plan is available. Contact Performance and Development, Public Sector Workforce, on (02) 9228 4500 or at [organisational\\_change@dpc.nsw.gov.au](mailto:organisational_change@dpc.nsw.gov.au).