



**Victorian
Public Sector
Commission**

Victorian Public Entity Executive Classification Framework

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Introduction to the PEECF

Introduction

The classification framework for executives in Victorian public entities aims to provide clarity on the expectations of executives at different levels. It sets a consistent basis for classifying executive positions in public entities into one of three bands, based on work value factors.

The Victorian Public Entity Executive Classification Framework (PEECF) guides consistency in executive classification across Victoria's public entities, improving executive mobility and attraction of candidates.

The PEECF classifies the work value of a position based on a combination of factors and is not an assessment of the performance, strengths and/or specific expertise that an incumbent might bring to a position.

The PEECF has been adapted from the Victorian Public Service (VPS) Executive Classification Framework which is currently being implemented in VPS departments and their connected service agencies.

The PEECF has informed the [Victorian Independent Remuneration Tribunal's Determination of public entity executive remuneration](#).

If you'd like to know more, see our [factsheet on the implementation of the PEECF](#).

Key elements

The key elements of the PEECF include:

- **the introduction of a three-tier public entity executive classification band structure**, where Public Entity Senior Executive Service Band 1 (PESES-1) is the lowest band and Public Entity Senior Executive Service Band 3 (PESES-3) is the highest band;
- **alignment of the new PESES bands with the VPS Senior Executive Service (SES) bands**, where SES-1 (currently EO3) is the lowest classification and SES-3 (currently EO1) is the highest classification, thus supporting greater mobility between the service and the sector and with other jurisdictions, and improving the sector's ability to attract and retain high performing executives;



- **a methodology** for evaluating the degree of complexity and responsibility associated with a position to support an assessment of where that position sits in the new PESES band structure; and
- acknowledgement of the diversity of public entity **Chief Executive Officers** (or equivalent positions) in the classification approach.

Acknowledging the diverse nature of public entities, it is not proposed to include a provision for standard position titles.

Classification methodology

The PEECF uses a methodology where positions are assessed and scored against eight work value factors which reflect the range of competencies and accountabilities with which executives working in the public sector are typically engaged.

Each position is allocated a point score on a scale of 1 to 7 for each factor, where scores increase in relation to the associated increase in complexity and responsibilities, with a clear differentiation in scoring rationale across the three bands.

The accumulated scores for the eight factors reflect the overall work value for the position and determines in which of the three PESES bands the position sits.

The eight work value factors are:

1. knowledge;
2. relationships;
3. judgement and risk;
4. independence;
5. strategic change;
6. breadth;
7. impact; and
8. resource management.

Overview of the PEECF

Purpose

The Victorian Public Entity Executive Classification Framework (PEECF) provides clarity on the expectations of executives at different levels. It sets a consistent and transparent basis for classifying public entity executive positions into one of three bands, using a methodology which scores the work value of a given position.

Scope

The PEECF applies to the classification of all executive positions in entities listed in Schedule One and Two of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards (Prescribed Public Entities) Regulations 2019. This includes current, new and vacant positions but excludes public entity executives employed under Part 3 of the *Public Administration Act 2004*. Part 3 executives in public entities should follow the Victorian Public Service Executive Classification Framework.

The definition of an executive to whom the PEECF applies is based on (the definition of executives in a public entity prescribed under the VIRTIPS Regulations contained in) paragraph 4.1 of the Public Entity Executive Remuneration Policy[link].

Executives in Prescribed Public Entities must be classified against the work value assessment methodology set out in the PEECF or, in the case of executives employed under Part 3 of the *Public Administration Act 2004*, the Victorian Public Service Executive Classification Framework (VPSCF) [link]. The relevant classification and work value assessments must occur within 12 months of the Determination or by 31 December 2021 (whichever is later).

Delay to work value assessments beyond this timeline will only be considered in exceptional circumstances and with the written consent of the relevant portfolio department Secretary.

Assessment and classification by the employer must occur prior to creating a new position, renewing an expiring contract or making a remuneration adjustment, as required by the PEER Policy.

There is a broad range of work value amongst public entity Chief Executive Officers which requires a framework that can accommodate this diversity as outlined in 1.5 below.

Design

The PEECF provides:

- a clear methodology for classifying positions and a good foundation for classification decisions;
- an assessment methodology that is easy to understand, simple to use, and that can be applied to executive positions across the public entities.

The PEECF has been refined from the Victorian Public Service Executive Classification Framework (VPSCF) and as far as possible aligns to that framework in the interests of improving consistency between the public service and public entities.

Executive classification bands

There are three public entity executive classification bands: PESES-1, PESES-2 and PESES-3. The band classification of a position is determined by the following:

- level of accountability;
- complexity of work undertaken, and the associated knowledge required;
- management and oversight of subordinates;
- associated risk; and,
- authority to make decisions, form policy and/or provide advice and recommendations within the organisation and to other public sector stakeholders.

Chief Executive Officers

Chief Executive Officers, or equivalent positions (CEO) of Victorian public entities can lead organisations which range in size from less than 10 staff to more than 1,000. They represent approximately 10 per cent of the public entity executive workforce.

Acknowledging the diversity of CEO positions in public entities, the PEECF has been



designed to allow for a public entity CEO to be assessed as sitting in any one of the three PESES bands. The position is assessed using the same work value criteria as will be applied to all public entity executive positions.

In some instances, a Chief Executive Officer may be assessed to have a work value below an executive classification as defined by the PEECF but will continue to retain the legislated title of Chief Executive Officer (or equivalent) and will continue to be defined as an executive for the purposes of the PEER Policy and the Tribunal’s Determination. An outline of this is presented in Table 1 below, where the full detail of the methodology can be found in subsequent sections.

Table 1: Chief Executive Officer classifications

Public Entity Chief Executive Officers				
Classification assessment	Public entity CEO who does not meet a PESES band	Public entity CEO in PESES Band 1	Public entity CEO in PESES Band 2	Public entity CEO in PESES Band 3
Framework status	Not classified under this framework	Classified under this framework		

Who it applies to

Public entity Chief Executive Officers whose work value score does not meet the threshold for an executive classification under this framework

Public entity Chief Executive Officers who meet the work value score equivalent to PESES-1 (see section 2.3)

Public entity Chief Executive Officers who meet the work value score equivalent to PESES-2 (see section 2.3)

Public entity Chief Executive Officers who meet the work value score equivalent to PESES-3 (see section 2.3)



Work value scoring and work streams in the PEECF

Work value scoring

The heart of the Public Entity Executive Classification Framework (PEECF) is the eight work value factors (WVFs), which are the competencies and accountabilities generally associated with a public entity executive position and which are summarised in Table 2 below. The WVFs provide the basis for describing and determining the classification of executive positions into either of bands PESES 1, 2 or 3.

Table 2: Work value factors

Work value factor	Definition
Knowledge	level of required knowledge, skills and expertise; proficiency in a specialised discipline; level of authority; depth of understanding of the work environment; whether a source of advice, and to whom
Relationships	requirement to influence and negotiate; level, frequency and quantity of interaction with internal and external stakeholders; assessment of the sensitivity and complexity of issues and interactions
Judgement and risk	the complexity of decision-making and risk assessment and mitigation associated with the position; degree of uncertainty and ambiguity; criticality of judgements and risks; the level at which the risk/judgement applies: e.g. organisational/state/nationwide

Independence	the requirement to make decisions without support; authority and freedom to plan objectives; requirement to contribute to or lead strategic direction of the entity
Strategic change	delivering change; measured by the position's extent of responsibility for and level of complexity of significant strategic change management; contribution to business improvement;
Impact	developing the policy frameworks and the strategic direction of the entity; measured by the scope of the position's impact internally, into the sector, across the state or nationally/internationally
Breadth	diversity of activities and functions managed by the position; geographical breadth of responsibility; range of programs, projects and services managed by the position.
Resource management	number of staff and size of resources and budget.

The eight factors do not reflect all the possible components of positions at each band across each and every public entity. Rather they focus on the core components, common to all executive positions, that are considered to reach a classification outcome.

This document should be read in conjunction with the appendices which contain:

- the detailed descriptors for each factor, along with the differentiated scoring;
- a tool which summarises how to apply the methodology;
- a diagram of the process flow for assessing an executive position using the PEECF; and,
- an illustration of what a set of assessment outcomes in example organisations could look like.



Work value streams

The second element that is considered in making a classification recommendation are the tasks and responsibilities that executives undertake, i.e. to which activities the work value effort in areas such as knowledge, judgement and risk, strategic change etc are applied. These activities are grouped under five work value streams which reflect the principal functions of public sector executives. The streams are summarised in Table 3.

Table 3: Work value streams

Stream	Definition
Delivery	A principal focus for an executive active in this stream is service delivery. This may include delivery of services within an organisation, such as financial, human resource or IT services. Or it could reflect the position's responsibility for the delivery of services and/or policy objectives within a sector. This stream would also include many operational positions.
Policy	The policy stream relates to policy formulation, implementation and advice. This might include research and analysis, financial considerations and other relevant implications. Other responsibilities include seeking and addressing stakeholder views obtained through consultations, and articulation of policy, regulatory or financial measures and legislation.
Project and Program	In this stream, the most significant contribution of positions relates to the planning, management and ongoing implementation of project and program initiatives.

Regulatory

The most significant contribution of positions in this stream relates to information gathering and risk assessment and the design and implementation of compliance and enforcement programs within a governance framework.

Professional/Specialist

The most significant contribution of positions in this stream is the provision of technical, professional, specialist, or strategic advice at a significant level of complexity with associated substantial risk and accountability for high impact outcomes. Advice is core to an entity's business and has a primary influence on the entity's adopted strategies, plans and targets.

Although any given executive position may incorporate many of these elements, the position will likely have a more significant contribution in one or two work streams.

Determining the work value stream or streams for a position is not a scored exercise. Rather it can be helpful to validate the position's band determination. The full work stream descriptors in Appendix 2 differentiate between the bands based on the complexity and responsibility of the functions performed.

For example, where a position has been provisionally classified following the work value assessment as meeting PESES Band 2 and the assessment process has identified the role as active primarily in the delivery stream, the assessor can refer to the delivery descriptor for an executive working at SES Band 2 level and confirm that the position aligns.

Work value assessment outcomes

The assessment of a position will produce a score which determines the appropriate classification outcome. Table 4 shows the differentiation of scores across the three bands.

Table 4: Public Entity Senior Executive Service Classification Bands



Classification	Score
Public Entity Senior Executive Service Band 1	21 to 35
Public Entity Senior Executive Service Band 2	36 to 47
Public Entity Senior Executive Service Band 3	48 to 56

Following the evaluation process there are several possible classification outcomes. In all circumstances it is for the Public Entity Head or the Board, where appropriate, to make the final decision on outcomes.

Where a position aligns to an entity's current executive structure, no action is needed. For positions where implementation of the outcome would result in a different executive alignment, Table 5 below outlines the potential actions for consideration by the public entity Head.

An organisation may choose to not take immediate action and instead re-design a position after it becomes vacant. If the position holds a substantive executive employee, the decision can be implemented during the term of the substantive employee's employment contract (subject to the contractual arrangements), or immediately following the expiry of said contract.

Table 5: Options for work value assessment outcomes

Outcome	Possible action
The assessment outcome is in the remuneration band the role was allocated to on the date of the Determination	No action required.



The assessment outcome puts the role in a higher band relative to band the role was allocated to on the date of the Determination

The CEO or chair of the board may decide to:

- remove tasks, responsibilities or accountabilities to lower the work value of a position to fit it to its current remuneration
- increase remuneration to align to the assessed band

The assessment outcome puts the role in a lower band relative to band the role was allocated to on the date of the Determination

The CEO or chair of the board may decide to:

- add tasks, responsibilities or accountabilities to raise the work value of a position to fit to its current alignment
- decrease remuneration to align to the assessed band, considering contract terms and conditions

The assessment outcome puts the role at the edge of a classification, either at the highest score or lowest score possible for that band. If this happened, the assessment team would tell the CEO or chair of the board in the outcome report. The team would hold validation meetings on which outcomes are borderline and what the possible courses of action are.

The CEO or chair of the board may decide to:

- re-examine the position, drawing on assessment information gathered and any new information sources
- add or remove tasks or responsibilities to fit the position in its current classification
- amend remuneration to align to the assessed band



The assessment outcome means the role doesn't meet an executive classification.

If the work value score for a position is less than 21, the role doesn't meet an executive classification

Changes to roles, responsibilities or remuneration as a result of work value assessments can only occur when the contract expires or if the executive agrees to negotiate a contract variation.

Changes to a CEO role as a result of the assessment may require Ministerial approval under the public entity's enabling legislation.

