
PERFORMANCE IMPROVEMENT FRAMEWORK

Review of the Parliamentary Service (the Service)

JULY 2014

State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet

Lead Reviewers' Acknowledgement

As Lead Reviewers for this Performance Improvement Framework Review for the Parliamentary Service (the Service) we would like to acknowledge the thoughtful input made by Service staff. All those we talked to including the General Manager, the Senior Management Team and others were open and generous with information and support.

We also appreciate the time Members of Parliament and their staff gave us and their frank opinions and constructive suggestions. In addition we had considerable input from the Office of the Clerk of the House of Representatives, the Parliamentary Counsel Office, the Office of the Controller and Auditor-General, the Ministerial Support division of the Department of Internal Affairs, the Parliamentary Press Gallery and some external observers of Parliament. We also had the benefit of input from officials from the Department of the Prime Minister and Cabinet, the State Services Commission and the Treasury.

We acknowledge the work already undertaken by the Service to improve its service delivery and its current improvement work programme. This bodes well for the future.

**Performance Improvement Framework
Review: Parliamentary Service**

**State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet
Wellington, New Zealand**

**Published July 2014
ISBN 978-0-478-43413-2
Web address: www.ssc.govt.nz/pif**

Crown copyright 2014

Copyright/terms of use



This work is licensed under the Creative Commons Attribution-Non commercial-No Derivative Works 3.0 New Zealand licence. [In essence, you are free to copy and distribute the work (including in other media and formats) for non-commercial purposes, as long as you attribute the work to the Crown, do not adapt the work and abide by the other licence terms.] To view a copy of this licence, visit <http://creativecommons.org/licenses/by-nc-nd/3.0/nz/>. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

TABLE OF CONTENTS

Agency's Response	2
The Four-year Excellence Horizon	6
Environment	6
Performance challenge – Outcomes	8
Performance challenge – Agency	10
What will success look like?	13
Central Agencies' Overview	15
Summary of Ratings	16
Agency Context	18
Results Section	19
Part One: Delivery of Priorities	19
Part Two: Delivery of Core Business	21
Organisational Management Section	24
Part One: Leadership, Direction and Delivery	24
Part Two: External Relationships	26
Part Three: People Development	28
Part Four: Financial and Resource Management	31
Appendix A	34
Overview of the Model	34
Lead Questions	35

AGENCY'S RESPONSE

Introduction

The Parliamentary Service welcomes the valuable opportunity presented by the PIF review. I would like to thank the Lead Reviewers, staff and stakeholders who contributed their time and insights into the review. The review acknowledges the unique working environment of New Zealand's Parliament and the passion of our people in working here. They provide high quality services to the House of Representatives and members of Parliament and help to uphold the institution of Parliament for New Zealanders.

The report sets out the areas where we need to improve to meet the challenges set out in the Four-year Excellence Horizon. While the PIF's focus is on future performance, we have already embarked upon several initiatives to improve organisational performance. Some of these arose out of our PIF Self-review. These are discussed in more detail below.

The Service continues to adapt and change to meet the expectations of the House of Representatives and members. The comments from the Lead Reviewers and the findings of our PIF Self-review provide a platform for us to meet the targets in the Four-year Excellence Horizon. This response outlines how we intend to meet this performance challenge.

We have extracted six key themes from the PIF. These underpin our strategic direction and ensure that we are able to maximise the potential of our people to meet the performance challenge:

- We grow and develop our people
- Technology is a key enabler
- We are customer-centric
- We will provide excellent shared services
- The workplace is 'fit-for-purpose'
- We work as a parliamentary sector.

We will monitor progress carefully against these themes to ensure we remain on track to achieve our goals.

We grow and develop our people

Our people are our greatest asset. As the report makes clear, there is a strong sense of commitment and a real passion in supporting Parliament and its significance for New Zealanders. Our task is to harness this energy to improve our services to the House of Representatives and its members.

...by looking at our strategic HR capability and better supporting the needs of members

The Lead Reviewers note that we need to develop our strategic HR capability and utilise the relationship management model to meet members' expectations. We recognise this issue and a number of initiatives are underway or planned to address this.

Changes to be put in place for the 51st Parliament are focused on better meeting the needs of members. Members will be provided with a new funding model for their offices; updated performance management and remuneration systems for support staff; and greater flexibility in recruiting staff. We will work closely with members to help determine and resource their support requirements, setting expectations for support staff, and undertaking performance reviews of these staff with

members. The new model will provide better learning opportunities for support staff which, in turn, will lead to enhanced levels of support to members.

Appointments have recently been made to key HR positions to develop our strategic capability. We also have a People and Culture programme in place to focus on key areas of improvement. This programme was developed following a culture survey of staff by Human Synergistics in late 2013. Key feedback from the survey indicated that staff wanted to be involved in setting the strategy for the Service, be provided with better training and development support, be fairly rewarded for their work, and recognise how their work contributed to the overall success of the Service. Over the next few years, the People and Culture programme will lead people on a journey which includes:

- refreshing the organisation vision and values
- developing our people leaders and identifying and nurturing talented staff
- establishing a new remuneration policy and process, performance development system and learning and development framework.

We recognise that this will take time and the programme is phased accordingly from 2014-2016.

...by involving our people in setting the vision and strategy for the Service

The Lead Reviewers comment that there is a significant opportunity to tap into the commitment of staff to develop the vision and strategy. This mirrors the findings from the culture survey and staff are currently involved in developing vision statements for the Service for review and a final decision from the SMT. We anticipate having an agreed shared vision in place by 30 July 2014. Thereafter work will commence and continue through 2014/15 on developing the core values that underpin our work.

Managers and staff have also been involved in and informed of the development of our Strategic Intentions for 2014-2018. This document will provide the foundation for the Service's people leaders to lead their teams on the journey towards our vision (to be set for 2020 and beyond). The Strategic Intentions will be reviewed at least annually and we anticipate revisiting the vision and values again in late 2016/17.

The development and implementation of an internal communications strategy will be important to disseminate clear and consistent messages to our people. It will also provide a basis for improving communications with members. This will be a key priority in the coming financial year.

...by developing our people leaders

The report acknowledges that further work is required to develop the Senior Management Team (SMT) and managers. In late 2013, the SMT undertook a leadership assessment by Human Synergistics and a development programme will be put in place for the SMT. This work is directly linked to the People and Culture programme. We recognise the need for the SMT to work as a collectively accountable team and exhibit decisive, visible and unified leadership and the development programme will assist the SMT in this regard. As part of the People and Culture programme, there will be sessions with managers in 2014/15 to develop their coaching skills to provide better performance management of staff, unlock their potential, and support their future development.

...and by managing and recognising our people more effectively

We are looking at ways to leverage people management tools and practice from across the private and public sectors. This will be an iterative process. We have recently established a remuneration working party to examine the link between performance and remuneration for our core staff

workforce. This process is underway and due to finish by July 2015, and is closely linked to the development programme for our people leaders.

Our engagement and relationship with unions is strengthening. We recently concluded negotiations for a collective settlement for members' support staff in time for the 51st Parliament (key changes discussed above). This represented a true partnership with the unions to achieve an outcome for all support staff and is a significant achievement. On-going engagement with union representatives is regular and we look forward to maintaining this constructive relationship over the coming years.

Technology is a key enabler

The report acknowledges that overall our Information, Communications and Technology (ICT) services are delivering well to members and staff but further work is required to support agencies on the parliamentary precincts. We intend on continuing our current digital by default approach in line with the Government strategy for ICT but will look to enable our customers to become as mobile as possible. Our focus over the next four years is to enable our customers, especially members, to be able to access information securely anytime and anywhere. Upcoming changes to the Speaker's Directions (to be put in place for the 51st Parliament) will give greater flexibility to members in the use of their ICT resources, e.g. members will not be restricted to a particular choice of mobile device but the Service will be clear upon the level of technical and maintenance support that it can offer them.

We are customer centric

...by developing greater customer awareness

The reviewers rightly note that understanding and meeting the needs of our customers, especially members, is at the heart of our business. We recognise that placing customers at the centre is critical to realising our future state and helping to uphold Parliament as an institution.

Our current Service Level Agreement with members and political parties will be reviewed after this year's general election. This work is important in helping us to develop a clear service catalogue. It will form the basis of our on-going relationship over the term of the next Parliament. This includes the review and development of clear performance metrics to demonstrate how we are meeting the needs of members. The regular review of these metrics will help us to anticipate and respond to their needs and enhance working relationships.

Part of this work also involves building up a more detailed understanding of customer preferences, their future needs, and the impact of any policy or rule changes upon the services they currently receive. Acquiring, maintaining and using this customer intelligence has important consequences for how we are perceived by members and the nature of the services we provide (including how we provide them). This work has just started but will be an important focus over the next four years to meet the challenge in the Four-year Excellence Horizon.

We deliver excellent shared services

We want to be recognised by members and others for the quality of services we offer. As the report points out, developing enhanced strategic capability across our finance and support services areas, as well as a detailed understanding of the costs of providing services, is critical. Improving the maturity of our shared services model is a key objective for us.

Historically, we have not had a clear view of the full costs involved in providing services to our diverse customer base, including members. We acknowledge that achieving this is an important priority in the short-term. Over the past two years, we have adopted a full cost model for new

services and this will provide an important base for work going forward into 2014/15 and beyond. In this regard, Master Service Agreements with political parties will be considered for future use.

The workplace is ‘fit-for-purpose’

A key component of this theme is the use of a suitable operating model for the Service. The reviewers highlight a need for us to choose and implement a suitable operating model. We intend on reorienting our current model to fit round our customer needs rather than the services we provide. This will become a key mechanism in helping us place the customer at the heart of everything we do. Implementing this revised model will also provide a platform for the Service to think about innovative products and services to improve our service delivery.

Develop the parliament sector

We are developing a closer working relationship with the Office of the Clerk. As part of our growing maturity, we aspire to develop a joint strategic outcome to support a more effective Parliament. We share a common goal of promoting a more accessible and engaging Parliament and there is a joint work programme in place. For the Service, this means ensuring that physical access to the parliament buildings is maintained and its visitor services continue to maintain (and improve) their high levels of customer service. As part of our thinking with the Office of the Clerk on a common outcome, we intend to consider how both agencies can work with other organisations, e.g. the Electoral Commission, to improve public engagement with Parliament and ultimately participation in New Zealand’s system of representative democracy.

Realising our success

Building on this report, we will know that we have succeeded in meeting the performance challenge when:

- our people articulate our vision and strategy and see their role in it
- our people leaders are recognised for the value of their engagement in developing staff and realising their full potential
- our operating model is clearly focused on customers, especially members, and there is a clear understanding of our service proposition
- we work closely with the Office of the Clerk to develop a joint long-term vision and strategy for supporting Parliament and making it more effective.

David Stevenson

General Manager, Parliamentary Service

THE FOUR-YEAR EXCELLENCE HORIZON

In undertaking this review the Lead Reviewers considered: “What is the contribution that New Zealand needs from the Service and, therefore, what is the performance challenge?”

Environment

The work of the Service directly supports Members of Parliament (members) and other Parliamentary agencies through the provision of administrative support, corporate services for Parliament and its related agencies, maintenance of the parliamentary precinct, library services, and security services and so on. In practice, the Service feels very distinctive because of the intense commitment of its staff, in whatever function they are located, not only for the effective and efficient provision of day-to-day services, but for the maintenance of the institution of Parliament for New Zealanders. Stewardship is deeply ingrained in the cultural fabric of the Service.

In theory, this ethos should position the Service well to balance the demands of the day-to-day with longer term support for Parliament as an institution. The parliamentary environment is based on strong traditions but must continue to evolve if it is to remain relevant and accessible, both to members and to citizens. In practice however, the Service faces a number of challenges in balancing an assortment of countervailing environmental pressures, including:

- high and changing customer (member) expectations for first rate, 24/7 service within a fiscally constrained environment
- significant proposed changes to Speaker’s Directions for the next Parliament that would result in member support staff financial management responsibility shifting from the Service to the member. Support and guidance as to how members need to operate successfully with the changes will need to be provided to all members returned for the 51st Parliament
- reliable provision of some services that are themselves facing disruptive and transformative pressures, such as knowledge management, mobile technologies, and information security
- a heavily prescriptive rules-based environment that requires constant interpretation and judgement, in which the consequences of non-compliance can be publicly and politically noisy, largely for the customer rather than the Service as provider
- the need, shared by many corporate services providers, to move along the maturity continuum; from the highly transactional, rules-based and sometimes ‘blocking’ operating models of the past, to the partnership based and enabling models more typical of successful modern organisations
- as an agency within the Legislative branch of government, the Service needs to grapple with such issues with fewer external reference points than agencies within the Executive.

Customer expectations are unusually high...

Changes over time in the member demographic, members’ preferred ways of working, increases in citizens’ expectations regarding access and changes to parliamentary process all have an effect on the nature and scope of services the Service is expected to deliver.

While many corporate service providers can struggle to align service type and level to customer expectations, members of Parliament are a unique customer base. They work in a high pressure environment with multiple demands on their time. This creates expectations of the Service that are not typical of most service provision situations. Tolerance by members of services that do not enable effective use of their scarce time is rightly very low.

Within fiscal constraints

Fiscal restraint will remain a feature of the environment for all publicly funded agencies for the foreseeable future, and the Service is not immune. A feature here is the heritage status of the Parliamentary buildings which will always limit the efficiency of property related services.

The Appropriations Review Committee report issued in 2012 noted that while the Service could make further efficiency savings in the 2013/14 year, finding additional savings in 2014/15 and out years would be much more difficult.

Some existing member entitlements are to undergo significant change under proposed revisions to Speaker's Directions. Members' entitlement to support staff will in future be expressed in dollars rather than hours. The Service has a critical role in ensuring a smooth transition to the new Speaker's Directions, and for ensuring any new interpretations are enforced consistently and fairly. These changes are likely to create additional demands on the Service's Human Resources (HR) function.

And with most services facing transformative pressures

Transformational forces affect almost every aspect of the Service's operations. As in many workplaces, technology will continue to challenge the Service and provision will inevitably lag some members' expectations; a disconnect that is more keenly felt in the pressure cooker environment of Parliament.

Concerns regarding security and the appropriate management of information stored on devices or systems provided to members for the conduct of their Parliamentary business are unlikely to reduce. The Service's management of information was found to be short of expectations in the release of information to the Henry Inquiry. There are complexities involved in managing information in this environment with unique constitutionally significant protections necessary to preserve the integrity of Parliament.

In the Parliamentary Library, there is a tension between its curatorial and custodial roles and its role as a real time research service.

A rules based service provision context

Most aspects of service provision are characterised by a complex framework of directions, rules and entitlements, all of which require careful interpretation. Even in seemingly straightforward service areas such as travel, interpretation of rules requires skill and vigilance in order to balance meeting members' needs with ensuring they keep within the rules of complex policies and provisions.

Skill is required in being solution focused and constructive, as opposed to being perceived as bureaucratic, to maintain a positive customer experience while pushing back on members or their offices' requests when these do not comply.

The need to move from transactional to strategic services

Some of the more historically transactional areas in the Service, like finance, ICT and HR, are under pressure from customers to provide more strategic services, which are based on a proactive, relationship driven, business partnering model with a variety of service level options, as opposed to the more passive and uniform service provision of the past.

The Service is increasing its role as the provider of shared service corporate functions for the Office of the Clerk, and to some extent for the Parliamentary Counsel Office and the Ministerial Support division of the Department of Internal Affairs. To the pressures inherent in working within a rules-based environment and with dynamic customer expectations, the Service has thus added the differential expectations of these multiple service partners.

These service partners are themselves at differing levels of maturity which requires the Service to be attuned to a broader range of customer needs, and equipped to be able to respond in a fit for purpose manner. These responses range from assisting customers to define their service needs through to simple delivery of services to current standards.

Preventing insularity

Shared services have strengthened connections amongst parliamentary precinct agencies. The Service remains relatively isolated from best practice exemplars in the Executive Branch or the corporate world and does not use shared service benchmarks for its services.

Performance challenge – Outcomes

The Service's key outcome is the provision of support services to members to help them conduct their parliamentary business. Its challenge is to continue to improve the quality of these services to meet members' unique operating environment and demands while also managing its costs.

Customer demands are not standing still. The Service needs to keep pace with developments in the way members and political parties with representation in Parliament choose to work. For example younger members are used to working in different ways and seek more flexible and technology enabled services. The Service must evolve its service offering and delivery methods to meet changing member expectations, within a complex policy and rules context, including the Speaker's Directions.

Some services are very highly regarded by members, with Library and Travel in particular receiving praise. These services are noted for their customer focus and responsiveness. The challenge for the Service is to learn the lessons from these areas to help it improve its overall service delivery culture.

The Service needs to do this in a time of considerable fiscal restraint. Some rationing of services is necessary, and to do this well the Service needs to gain a better understanding of members' preferences and what they really value. This customer focused approach should be combined with good service costing information (including an understanding of the impact changes in the level of service have on the cost of services) and will allow greater transparency in discussions with party Whips and members on service levels and prioritisation.

The results should be a clear service catalogue and regular reporting of performance in meeting agreed service levels. Decisions will need to be made in some areas whether to change rules themselves or to work more responsively within them. Members should have clear expectations on what will and won't be delivered. The Service would then make transparent and consistent decisions when needing to decline requests made by members.

The Service knows it needs to better understand customer preferences and develop a clear service catalogue, and it must scope and resource this work. It is important that this work is undertaken in collaboration with members. Thus another challenge is for Whips and members to find the time away from operational pressures to engage more strategically with the Service on this.

A key priority for the Service is the 2014 general election and the transition to the new Parliament. In particular this involves supporting outgoing and incoming members and employment issues for member support staff. Member support staff comprise 59% of the Service's total workforce and are notable for a triangular employment relationship between the staff member, the Service as the employer and the member as the line manager.

This triangular relationship complicates recruitment, staff performance management and staff development. There is no easy solution to this. Currently the Service's HR function is focused on establishing and embedding hygiene level practices. It is a long way from operating at the best practice level needed given the particular challenges of triangular people management. A new relationship management model for supporting these staff has been introduced and is still learning the best ways of communicating with members and their support staff. We question whether this new approach has been adequately resourced to significantly enhance the Service's connection with member support staff or to better meet member expectations. The Service has underestimated the strategic HR capability and capacity required to more proactively address some of the frustrations of members in this area.

Shared services on the Parliamentary precinct are helping to realise efficiencies, assisting in offering seamless services to members and enhancing the resilience of the back office functions across the various agencies involved. There are challenges for all the agencies involved in learning how to be high quality purchasers or providers of services and in exploring the full range of shared services and outsourcing opportunities. Shared services is not at a mature state and will take some time to get there. The parliamentary precinct is not alone in this as other shared services initiatives across the public sector face similar challenges.

Ultimately this is about more than shared services. The parliamentary agencies should aspire to common outcomes and move beyond a provider/customer model to one where common success is defined in terms of a more effective Parliament. This is at the heart of driving improvement and consistency in the support delivered to Parliament and members.

Parliament is becoming increasingly technology enabled. The Service has delivered well in recent years in updating core ICT systems and infrastructure, and in giving members greater choice and better support. However the demands for increased technology services, cost effectively delivered and with security/privacy assured, will continue. A particular challenge for the Service is being an ICT provider to the Office of the Clerk as it undertakes a current suite of information systems projects. The Service will need to offer support to the Office of the Clerk in scoping, developing the case for change and specifying, not just as a technology service provider.

The Service's other key outcome relates to the accessibility of Parliament. The underlying driver for this is public understanding of the institution of Parliament and support for the democratic process. The Service needs to consider more deeply what accessibility means, which services are most likely to achieve this and how to work with other Parliamentary sector agencies (and others such as the Electoral Commission) to promote these services. For the Service, accessibility may be little more than facilitation of physical access to the precinct and its services, but it needs to be very clear about this aspect of its strategy, if only to manage customer expectations. We question whether this should be one of the Service's two outcomes, given its relative simplicity.

Performance challenge – Agency

i Purpose, Targets and Business Strategy

The Service has a clear purpose, outlined in the Parliamentary Service Act 2000, to provide administrative and support services to the House of Representatives and to members of Parliament. We note that an ‘accessibility’ objective is not mandated, although this is currently one of its strategic outcomes. The Service is also a significant shared services provider that needs to work with other Parliamentary precinct agencies to achieve joint outcomes of the overall effective and efficient functioning of Parliament.

Governance oversight of the Service is provided by the Speaker with assistance from the Parliamentary Services Commission. A Joint Parliament Sector Advisory Board has recently been established under the sponsorship of the Speaker to advise the General Manager of the Service and Clerk of the House of Representatives. It includes three external members. The Service should reflect on its current areas of development and the extent to which the Advisory Board can support and address the challenges in front of it in building a truly customer-centric service with much improved people development and management.

The Service needs to translate its clear customer service purpose into a vision and business strategy that is widely understood and aspired to throughout the organisation. The Service requires a whole of organisation vision that can help bring its quite separate functional service areas together and help develop and embed a customer-centric approach.

The Service is fortunate in having a dedicated staff who believe in the importance of their role to serve the institution of Parliament. It is not uncommon for staff to have left better paid roles to work for the Service because they are fascinated by Parliament and the unique work environment. There is a huge opportunity to develop the vision and strategy in a manner that taps into the commitment of the Service’s staff.

Currently there is a significant disconnect between this passion for Parliament and commitment to the Service as an organisation. Some staff feel intensely frustrated because they cannot see how their day-to-day work aligns to an overall collective ambition for the Service. In the absence of a shared strategy, staff default to working on things within their control in their functional silo. This results in a stronger allegiance to the silo than to the Service as a whole. This dilutes innovation, risk taking and creativity. It also fails to realise the potential contribution to the Service from such a committed staff.

The Service’s PIF Self-review notes that the SMT needs to engage more with the organisation. Tier three managers have an important role to play as a conduit between SMT and line staff, particularly in relation to the strategic direction. Effective communication is vital. The engagement required goes beyond top down socialisation of purpose, vision and strategy by the various management levels and should entail bottom up, joint creation of vision and strategy with staff.

SMT is aware of the need to articulate a compelling story around the ambition of the Service. It has made a start in developing the strategy. As part of this the Service needs to articulate a small number of targets or measures that will unify staff across functional silos. This will also help SMT members go beyond their individual areas of responsibility and act as a leadership team focused on the overall performance and ongoing development of the Service.

ii Operating Model

The operating model describes how the Service will operationalise and deliver its business strategy. The Service needs to choose and implement an appropriate operating model, and supporting organisational development strategies, to meet its performance challenge. The operating model needs to reflect the needs of the business strategy – delivering on a portfolio of services to Parliament and members. Because of the wide variety of services the Service is mandated to provide to members, there has been a tendency to date to develop the operating model in a way that reflects the functional services rather than the customers' needs and wants.

The Service acknowledges this and is making progress towards more customer-centric ways of working. This will require the Service to develop systematic mechanisms for developing much deeper understanding of member preferences for which current services they most value, what services they might want or need for the future, rules or policy changes that might be required and the costs of delivering the various services. Improved customer intelligence should also enable the Service to reflect on what services might surprise and better enable customers, even if they have not identified a need themselves. The Service will need to ensure members believe the Service is committed to operate differently. Some existing fora designed to capture customer insight are currently seen as the Service 'telling' members what is going to happen rather than being a forum for jointly plotting a path forward.

This customer emphasis will require some development and time for members to get accustomed to working with a Service that is clear about its service levels based on the Speaker's Directions and ready to work with members in ways that best enable them to be effective. The Service's operating model will also need to evolve in a way that ensures it continues to be able to support the other parliamentary sector agencies to deliver on their objectives.

The Service's PIF Self-review notes that it doesn't balance experimentation, innovation and risk well. There is evidence of staff not making decisions and delegating upwards. This means that SMT can become diverted into operational matters, working at a level below where it should be.

Successful development of a truly customer-centric Service critically hinges on people and the management of staff in a way that instills a customer service ethos. People development is the most significant area of weakness in the Service at present.

Key amongst the people development challenges are:

- lifting overall management competencies at tiers three and four
- consistent performance management engagement with staff around objective setting and ongoing feedback on performance
- greatly improved communications to lift the staff engagement, including greater management visibility and better alignment between management behaviours and organisational values.

As much as we are signalling a need to become more customer-centric and to work with members, and shared service clients, in a co-development mind-set, we are also indicating a need to apply a very similar approach with the Service's people. It is not for SMT to set goals and constantly monitor delivery but it is SMT's role to create the environment where staff co-develop their personal learning and development plans (that are aligned with the Service's direction, strategy and skill needs) with their managers.

There is a real chance the Henry Inquiry matters could make the Service, and the SMT, even more risk averse. This should be avoided. The Service must learn from what happened as it innovates and learns in the journey to improve its service delivery.

Ensuring that recent events do not stifle innovation will require some changes in management practices. It will be important for managers to be clear about collective accountability, risk thresholds and mechanisms for continuous improvement. The decisive, visible and unified leadership of SMT will be critical in this.

iii Implementation (including change capability)

The Service has a number of influences that are currently aligning in a way that increases the opportunity to successfully make change:

- the staff have a strong belief in the value of a well functioning Service, and its contribution to a strong Parliament
- a new General Manager is in place with an open and inclusive communication approach
- there is a general level of satisfaction amongst key customers for the current services and a consistent view as to where the Service can improve. Some service lines are regarded as providing exceptional customer service
- the Speaker, as responsible Minister, has confidence in the Service to respond to member requirements
- there is growing confidence and trust from the Office of the Clerk in the Service's ability to deliver on shared services, and increasing buy-in to the rationale for closer strategic planning and objective setting amongst sector agencies
- the new Parliament Sector Advisory Board is in place and has the potential to provide key strategic challenge and insight to support a more joined up sector approach.

To meet its performance challenge the Service needs to:

- continue to listen to its customers and evolve its operating model to keep pace with how members want to operate their Parliamentary business. It needs a culture of working collaboratively with members and involving them in decisions, while being selective how it uses members' time. Particular thought should be given to how to work more strategically with party Whips
- work inclusively with customers and staff to flesh out the vision and strategy, set targets and monitor and report on these. This process must tap into the sense of mission held by staff and unify them across business groups in the service of the collective story. All staff must be able to see how their day-to-day work contributes to strategy and direction and thus find real meaning in it
- embark on a period of intense development for its SMT and managers. SMT needs to become a collectively accountable team. To maximise the passion staff have for Parliament and its ongoing success, all managers need to be developed to engage, motivate and challenge staff
- invest urgently in strategic HR management, in order to move this from the current transactional and patchy state to a performance level commensurate with the sophistication required to manage both disparate corporate functions and the particular employment relationship with members' staff. In saying this we note this is already an area of attention for the Service and it can be difficult for a small agency to attract the skills required

- complete with some urgency an effective communications strategy. At present there are a number of touch points with staff and customers that are not being maximised. The Service should be more deliberate about the purpose of each of these interactions. Messages, delivery style and mode need to be planned to ensure the intended benefits are achieved.

As a Legislative branch agency the Service has been at some distance from the types of support available to Executive branch agencies. The Executive branch needs to provide more support to the Service in its change and people development programmes. This can occur without imperilling the Service's constitutional status.

What will success look like?

This section describes what the Service will look like in a future state if it has successfully transformed itself to capitalise on some of the opportunities identified here and in the Service's PIF Self-review.

People

In four years time the Service will have tapped into the passion and real personal connection its staff have for the preservation of a strong Parliament and for promoting its accessibility to citizens. This will include:

- the Service truly engaging staff in the development of its vision and strategy. Staff will have a good understanding of how their work contributes to the Service's overall objectives. The passion staff have for Parliament will be matched by their commitment to the Service as an organisation. Some initial steps have been taken to improve staff interaction across the business groups. This should be continued and strengthened
- SMT members being visible leaders across the Service, not just within their business group. Leaders are consistently communicating priorities against the back-drop of a well articulated, co-developed strategy
- the Service having leading people management practices based on an investment in developing management competencies. There will be open and honest two-way communication around career planning, and real-time meaningful feedback on performance will be a regular feature of staff/manager interactions
- the Service will have achieved a greater sense of place and support for member support staff, irrespective of any formal changes to the employment arrangements of these staff
- the Service's leaders will be more connected across the public sector, in particular to avail themselves of the tools, techniques and learnings from others who have dealt with similar challenges.

Customers

In four years time the Service will be working to a more customer-centric model. This will include:

- a clear service catalogue and regular reporting of a small number of key performance service metrics. Prioritisation will occur in collaboration with members and will be based on a good understanding of value to members and the cost of services. Members will have a clear understanding of what will and won't be delivered
- shared services for the precinct will be based on informed purchasers and providers with a service culture. The Service will have supported the other agencies as this state is achieved. Success will be starting to be defined in terms of a joint view of a more effective Parliament

- the Service has worked with other agencies to develop a joint long-term vision and strategy for parliamentary stewardship in New Zealand.

Overall the performance challenge for the Service is one of improving alignment: between the vocation of its people and the strategy of the agency; between customers' needs and service provision; between functional service silos, and between its operational outcomes around service and its stewardship outcome around supporting Parliament as an enduring institution of New Zealand's democracy.

Grant Taylor
Lead Reviewer

Debbie Francis
Lead Reviewer

CENTRAL AGENCIES' OVERVIEW

The Service supports the institution of Parliament by providing administrative and support services to the House of Representatives, Members of Parliament and agencies working within the Parliamentary precinct. The Service faces a number of pressures including high member expectations, transformative pressures in areas such as technology, fiscal pressures and the need to move to more partnership based and enabling models with its customers.

The reviewers note there has a tendency for the Service's operating model to reflect the wide variety of functional services it offers rather than the customers' needs and wants. The Service acknowledges this and is making progress towards more customer-centric ways of working.

The reviewers note that the Service is fortunate in having a dedicated staff who believe in the importance of their role to serve the institution of Parliament, and there is a huge opportunity to work with staff to develop a shared vision and strategy for the Service. The reviewers also note the importance of developing leading practice people management and that a customer-centric Service will not happen without this.

The Service is an agency within the Legislative branch of government and thus our role as central agencies is different than our role with Executive branch agencies. However the reviewers note that the Service faces similar management challenges as other agencies and would benefit from greater inclusion in State Services fora and events and support in its change and people development programmes. The reviewers consider this can happen without imperilling the Service's constitutional status. We will work with the Service to agree the support to be offered in these areas.

Iain Rennie
State Services Commissioner

Gabriel Makhlof
Secretary to the Treasury

Andrew Kibblewhite
Chief Executive, Department of
the Prime Minister and Cabinet

SUMMARY OF RATINGS

Results

PRIORITIES	RATING
The House of Representatives and members receive high quality support services	
Parliament is accessible to members of the public	

CORE BUSINESS	RATING (EFFECTIVENESS)	RATING (EFFICIENCY)
Services to members		
Services to other parliamentary agencies		
Precinct services		
	RATING	
Regulatory Impact		

Rating System

 Strong	 Well placed	 Needing development	 Weak	 Unable to rate/not rated
--	---	---	---	--

Organisational Management

LEADERSHIP, DIRECTION AND DELIVERY	RATING
Purpose, Vision and Strategy	
Leadership and Governance	
Values, Behaviour and Culture	
Structure, Roles and Responsibilities	
Review	

EXTERNAL RELATIONSHIPS	RATING
Engagement with the Ministers	
Sector Contribution	
Collaboration and Partnerships with Stakeholders	
Experiences of the Public	

PEOPLE DEVELOPMENT	RATING
Leadership and Workforce Development	
Management of People Performance	
Engagement with Staff	

FINANCIAL AND RESOURCE MANAGEMENT	RATING
Asset Management	
Information Management	
Improving Efficiency and Effectiveness	
Financial Management	
Risk Management	

Rating System

 Strong	 Well placed	 Needing development	 Weak	 Unable to rate/not rated
--	---	---	---	--

Note: There have been three significant upgrades to the PIF Agency Model since it was implemented in 2009. The first was the inclusion of the Four-year Excellence Horizon in October 2011. The second was the Strategic Financial Management upgrade in December 2012. The most recent is the Better Public Services upgrade in January 2014. These upgrades affect comparability with previous PIF reports. For more information on the upgrades see: <http://www.ssc.govt.nz/pif-core-guide-1>.

AGENCY CONTEXT

The Service supports the institution of Parliament by providing administrative and support services to the House of Representatives, members of Parliament and the agencies working within the precincts of Parliament. The Service is a non-Public Service department that is part of the Legislative branch, not the Executive branch, of government.

The principal duties of the Service are defined under section 7 of the Parliamentary Service Act 2000 and are:

- a To provide administrative and support services to the House of Representatives and to members of Parliament, and
- b To administer, in accordance with directions given by the Speaker, the payment of funding entitlements for parliamentary purposes.

To assist members in the fulfilment of their roles as legislators and elected representatives, the Service provides members with the tools, staff and working spaces they require to work as effectively as possible. Services are provided to members, both in Parliament and at their out-of-Parliament offices, as well as to other agencies within the parliamentary precinct.

The variety of services provided to members includes the provision of personnel services to members in relation to member support staff, security services, provision of information and library research services, and travel and catering services.

The Service also provides a range of shared services to other agencies on the parliamentary precinct including finance, ICT, payroll and information and research services.

Resources

As at 30 July 2013, the Service employed 721 staff (598 full time equivalent staff). There are two workforces – the events-based workforce (member support staff) directly supporting and working for the members of Parliament and within the political party offices (59% of staff), and the core workforce that provides a range of services to the House of Representatives, members and the parliamentary precinct (41% of staff).

The Service is funded through Vote Parliamentary Service with planned departmental baseline funding of \$67.931 million for 2014/15 and out years.

RESULTS SECTION

Part One: Delivery of Priorities

This section reviews the agency's ability to deliver on its strategic priorities. While the questions guide Lead Reviewers to retrospective and current performance the final judgements and ratings are necessarily informed by the scope and scale of the performance challenge.

Priority 1: The House of Representatives and members receive high quality support services	
Performance Rating: Well placed	

This is one of the two outcomes for the Service in its Outcomes Framework. It is supported by three impacts:

- members can work flexibly and effectively wherever they are
- members receive a high quality seamless transition between Parliaments
- members and parties receive quality information, research and collection services.

The Service is generally clear about its purpose and the services required to meet the needs of Parliament and its members. However it faces some particular service delivery challenges including:

- members have demanding needs because they operate in a 24/7, high profile environment, geographically spread with often tight time pressures. For example if a computer is not working for 20 minutes when a press release is occurring, it can be a major inconvenience
- it is sometimes difficult to distinguish between spending for parliamentary purposes and for political purposes. This makes the Service an arbiter of rules that are critical to members
- there is a triangular employment relationship for member support staff – between the staff member, the Service as the employer and the member as the line manager. This creates issues in recruitment, staff performance management and staff development
- an environment of budget pressures, which mean the Service needs to consider how to limit or ration some services.

Despite these challenges the Service is generally delivering well to members (HR services are the most problematic) and members recognise there has been a considerable improvement in recent years. The Service is regarded as bureaucratic by some but at the same time many members and their staff say the Service is dedicated and professional. The major service delivery initiatives and customer feedback are discussed further under Core Business below.

The Service's PIF Self-review notes more work is required on systems, processes and structures; there needs to be a consistency of focus on customer service across all service areas; and there needs to be adequate resourcing.

The Service will need to constantly balance the individual service requirements of members with the need to be equitable across all members.

Priority 2: Parliament is accessible to members of the public

Performance Rating: **Needing development**



This is the other of the Service's two outcomes. Both the Service and the Office of the Clerk have stated outcome objectives relating to accessible Parliament. At its core is a concern that New Zealander's declining participation rates put at risk our democratic process. It is vital to a healthy democracy that the institution of parliament is not taken for granted. Neither agency alone, nor these two agencies together, can address the range of factors that contribute to society's apathy towards Parliament. Each does however need to be clear on its particular contribution to a shared strategy for enhancing accessibility and relevance.

The Service's work to support this outcome includes maintaining the parliamentary buildings and collections, ensuring public access to the precinct, visitor services, educational resources, website material and business continuity planning. Educating young New Zealanders about Parliament and democracy as part of the New Zealand curriculum is seen as important. This includes visits by school groups, an interactive website and a mock chamber where students can re-enact debates. The Service does good work in these areas it has direct responsibility.

However we question whether this outcome ought to feature at this level in the Service's performance framework. If the outcome is to be retained it needs to be articulated in a way that considers what accessibility means to people, which services are most likely to achieve this and how to work with other agencies to promote these services thereby enhancing accessibility.

RESULTS SECTION

Part Two: Delivery of Core Business

This section reviews the agency's effectiveness and efficiency in delivering its core business. While the questions guide Lead Reviewers to retrospective and current performance the final judgements and ratings are necessarily informed by scope and scale of the performance challenge.

Core business 1: Services to members	
Performance Rating (Effectiveness): Needing development	
Performance Rating (Efficiency): Needing development	

The Service offers a range of services to members including ICT (personal computers, internet connectivity and telecommunications), travel services, financial and accounting services, entitlements advice, payroll services, member support staff, out-of-Parliament office administration and management services, and research and information services.

Travel services and research and information services are highly regarded. Considerable work has occurred in recent years to improve ICT, finance and HR services. HR services have a considerable way to go and improvement is complicated by the challenging triangular relationship between member support staff, the member and the Service. As already noted the Service must monitor the fine line between using funding for parliamentary or political purposes. Likewise member entitlements are a complex area.

A service level agreement is in place that details the services available to members and associated performance information. For the 2012/13 year the Service achieved an average 89% of deliverables. Other feedback is from a scorecard completed six-monthly by party Whips and from a member support staff survey, which was first conducted in 2013 and is to be repeated annually. Both give generally favourable results with HR, the member and support staff service and finance requiring the most improvement.

The Service is aware of the need to develop a customer-centric approach, and an enabling rather than preventing philosophy. The recent example of ICT moving to support a range of members' own devices is a good example of how the Service can be responsive to member preferences. Ultimately the Service should be identifying trends in ways it can support members and pro-actively offering service level changes that reflect its deep understanding of its customer. Developing a customer-centric service model is about understanding the customer and being solution focused. It is also about clarity by both groups about the range and scope of services that are able to be delivered. Customer-centric does not mean always saying 'yes' to customer requests. In a budget constrained environment the Service needs to be clearer when to say 'no'. This involves being more proactive in defining the service offerings, making rules clear and enforcing them, while recognising the unique and difficult roles that members undertake. The Service is aware of these issues and is starting to implement such approaches.

Delivery of Core Business

Currently the Service is not aware of the costs of each service it offers and is not able to make informed decisions about trade-offs and priorities. The Efficiency rating in this area will improve when the Service has a better understanding of its costs and can make these decisions on the basis of quality information. Some areas, such as HR, may require investment – more resources may be required in relationship management with members and their support staff. The implementation of proposed changes to Speaker’s Directions will require additional support for members and their staff so these changes are implemented as intended.

Core business 2: Services to other parliamentary agencies	
Performance Rating (Effectiveness): Needing development	
Performance Rating (Efficiency): Needing development	

The Service provides services to other agencies, principally:

- Office of the Clerk – finance, ICT, payroll, information and research services
- Parliamentary Counsel Office – transactional finance services, ICT backbone network, payroll, information and research services
- Ministerial Support division of DIA – ICT, payroll, travel, information and research services.

This function has grown in recent years. It is part of a wider coming together between agencies (particularly between the Service and the Office of the Clerk) with the drivers for common services being able to offer seamless service delivery to users and efficiency. This is an excellent development.

However shared services are still in their infancy with the agencies learning what is required. In particular the Office of the Clerk needs to be a more proactive and informed purchaser, better able to specify its needs and monitor that they are being delivered. It needs to be able to distinguish its transactional from its strategic requirements and consider how to deliver the (more difficult) strategic part. The Service will need to help the Office of the Clerk as it develops this capability. The Service, as supplier, needs to have a service delivery culture and not be seen to prioritise its own needs ahead of those of the purchaser agencies.

Efficiency is a major driver for these arrangements. However the financial arrangements (who pays what for what services) are not always clear or are based on historical assumptions. The Service needs a better understanding of the costs of its services and must be able to negotiate charges with the other agencies for differential levels of service.

Core business 3: Precinct services	
Performance Rating (Effectiveness): Well placed	
Performance Rating (Efficiency): Needing development	

Precinct services include building management, security, visitor services including education, catering and messenger services. Precinct services are generally well regarded and considered to be at an appropriate level by members, their staff and the other agencies in the parliamentary precinct.

However even in these areas the demands of a 24/7 working environment (for members, some staff and others such as the press gallery) and at times the lack of a service culture from the Service were raised as issues. The importance of healthy and accessible catering options for staff and members in such an intense and time-pressured environment was a key issue for many. There were a range of views including the need for more flexible options such as coffee carts and longer opening hours.

The Service has a good picture, informed by a 2013 review of its property portfolio, of the future maintenance needs across the precinct. This review indicated that the Service’s asset management is operating at a ‘core’ level of maturity. Given the importance of the management of the precinct property assets, we support the Service’s desire to move to a higher level of maturity.

More complete long-term asset planning and a better understanding of the cost structures of services will support an improvement in the efficiency rating for this area.

ORGANISATIONAL MANAGEMENT SECTION

This section reviews the agency's organisational management. The questions guide Lead Reviewers to current and future performance. Final judgements and ratings are informed by the scope and scale of the performance challenge.

Part One: Leadership, Direction and Delivery

<p>Purpose, Vision and Strategy</p> <p>How well has the agency defined and articulated its purpose, vision and strategy to its staff and stakeholders?</p> <p>How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?</p>
Performance Rating: Needing development 
<p>Leadership and Governance</p> <p>How well does the senior team provide collective leadership and direction to the agency?</p>
Performance Rating: Needing development 
<p>Values, Behaviour and Culture</p> <p>How well does the agency develop and promote the organisational values, behaviours and culture it needs to support its strategic direction?</p>
Performance Rating: Needing development 
<p>Structure, Roles and Responsibilities</p> <p>How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business?</p> <p>How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?</p>
Performance Rating: Needing development 
<p>Review</p> <p>How well does the agency encourage and use evaluative activity?</p>
Performance Rating: Needing development 

The Service's purpose is outlined in the Parliamentary Services Act. The development of a vision and strategy are areas of current development for SMT. Refreshing the Service's purpose, vision and strategy, in a way that galvanises its passionate workforce is critical to the Service's success.

The Service's workforce has a strong belief in the value of a well functioning Parliament, and the role the Service can play in supporting this through providing member services in an efficient and effective manner. While articulation of intervention logic in the Service's external accountability documents has improved in recent times, it is not grounded in a vision of the future that resonates with staff.

Striking the right balance between providing very tailored services to members that meet their individual needs and the reality of ongoing fiscal constraints is not straight forward. The Speaker's Directions essentially establish a formulaic set of entitlements for members. While members are accepting of the need for restraint, they do observe a gradual reduction in service levels with more tasks being performed by member support staff and less by the Service's core staff.

Staff have noted a good level of communication from the newly appointed General Manager. Staff perceive SMT is still not visible enough and that SMT members do not regularly and consistently communicate a compelling strategy and updates on actual performance at a whole of Service level. Previous arrangements promoted individual accountability for business groups to the General Manager, rather than SMT being a body with joint responsibility for managing the Service. For the Service to develop into a truly customer-centric organisation SMT members need to develop insight into each other's aspects of the Service to satisfy themselves it is operating on the right track and assume collective accountability for results.

As noted in the PIF Self-review the Service operates in silos with varying and insular cultures within teams. As an organisation whose legislative purpose is expressed in terms of customer service, the Service lacks a visible expression of what this means in terms of expected behaviours for its people. Some staff and teams are already very customer-centric, but this is not being driven consistently across the Service in response to a set of well developed and consistently applied behavioural expectations.

Due to the Service's risk averse nature, staff appear reluctant to make decisions without the added protection of delegating upwards. While there are some areas of the Service where the potential for precedents to be set should give rise to staff seeking input from more experienced managers, this should be in the minority of cases if the Service is driving towards becoming a highly responsive customer organisation.

SMT currently has two acting members which can create a sense of temporariness. In particular we observe the impact on the team of having an acting CIO position for 18 months. This has significant impact on a critical part of the Service and should be addressed with haste.

To its credit the Service has stepped up to provide a range of shared services to fellow Parliamentary precinct agencies. This aspect of the Service needs to continue to mature but it has added value in terms of cost efficiencies and the sustainability of service for the smaller agencies.

The Service has implemented the majority of the recommendations of the 2012 Appropriations Review Committee. This process is seen as effective.

There is an expectation that a high performing agency utilises evaluation and review activities to contribute to its understanding of what's working and what isn't. The Service should consider the opportunity to, in a structured and ongoing way, to use reviews of its core service areas as part of building a learning performance culture.

SMT's actions in response to review and evaluations and communicating how these actions are consistent with the overall strategic story, are critical to embed these continuous improvement expectations across the Service.

ORGANISATIONAL MANAGEMENT SECTION

Part Two: External Relationships

Engagement with the Ministers	
How well does the agency provide advice and services to Ministers?	
Performance Rating: Well placed	
Sector Contribution	
How effectively does the agency work across the sector?	
Performance Rating: Needing development	
Collaboration and Partnerships with Stakeholders	
How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?	
Performance Rating: Needing development	
Experiences of the Public	
How well does the agency understand customers' and citizens' satisfaction?	
Performance Rating: Needing development	

The Service's relationship with the Speaker is very good, although it was affected in 2013 by the Henry Inquiry matters. The Speaker completes a survey once a year on his satisfaction with aspects of the Service's work. Recent ratings have been good.

The Service and the Office of the Clerk form the core parliamentary sector. In recent years they have considerably increased their level of collaboration and have put in place joint governance arrangements including the Parliament Sector Advisory Board and the Parliament Sector Senior Managers Group. They are planning to develop joint sector outcomes and this should be a priority.

As noted under Core Business above, the Service and the Office of the Clerk (plus Parliamentary Counsel Office and the Ministerial Support division of DIA) are using common services to be able to offer a seamless service to users and to realise efficiencies. However as noted these arrangements are not yet well understood and there needs to be both an informed purchaser and a supplier with a service delivery culture.

The Service's major stakeholders are members and their staff, and other users of the Parliamentary precinct such as the press gallery and other agencies. As noted under Core Business above, stakeholders are generally happy with the services they receive, but with variations across the different services and some areas the Service needs to improve. The Service is aware of the need to

develop a much better service culture. It also needs to develop service catalogues and changes to service levels in collaboration with users. This can be problematic as its users are often very busy people.

The public's direct experience of the Service is limited to visitors to Parliament. Visitors attend Parliament for a variety of reasons ranging from educational tours to attendance at Select Committee hearings/submissions. Anecdotal feedback about the experience of those who visit Parliament is very positive regarding the quality of the precinct and the professionalism of the service staff they interact with. The service has mechanisms in place to capture direct feedback as an input to evolving its services.

Expectations of how sophisticated agencies are in terms of translating voice of customer into changes to their service design and delivery continue to evolve. The Service is one of the first agencies where the revised PIF expectations have been applied.

The Service seeks feedback from its member customers including party Whips (on behalf of members) and member support staff. This feedback provides some input into decisions about service delivery. As noted elsewhere the Service needs to do more to define its Accessibility outcome and consider what visitors to the precinct and the wider public want. Feedback from the common/shared services customers is currently informal. Overall the Service is not currently a customer-driven organisation, using input from customers to help design and deliver its services. The Parliament Communication Strategy 2013-15 is being developed jointly with the Office of the Clerk and signals that a more customer-centric approach is planned.

ORGANISATIONAL MANAGEMENT SECTION

Part Three: People Development

<p>Leadership and Workforce Development</p> <p>How well does the agency develop its workforce (including its leadership)?</p> <p>How well does the agency anticipate and respond to future capability requirements?</p>	
Performance rating: Weak	
<p>Management of People Performance</p> <p>How well does the agency encourage high performance and continuous improvement among its workforce?</p> <p>How well does the agency deal with poor or inadequate performance?</p>	
Performance rating: Weak	
<p>Engagement with Staff</p> <p>How well does the agency manage its employee relations?</p> <p>How well does the agency develop and maintain a diverse, highly committed and engaged workforce?</p>	
Performance rating: Weak	

The success of the Service depends on its people. It is vital they work together with a shared commitment to the Service and understand its direction, its challenges and what they can do to help make Parliament succeed given the demanding context within which its customers work. People who are well led and highly engaged are much more likely to give great service to customers.

In spite of the high levels of intrinsic motivation and commitment of the Service's people, the Service's PIF Self-review identifies people development as a weakness. We agree this should be seen as a key area of opportunity and acted on with urgency.

The HR function of the Service was until recently old fashioned and highly transactional. It has clearly improved but understands it still has a long way to go to be within sight of best practice levels. Unfortunately, such is the complexity of the management model (given the triangular relationship for members' staff) that best practice is required. During our review staff expressed particular concerns regarding:

- sometimes inauthentic notes in management communications, including disconnects between rhetoric and management behaviours, particularly at tier three
- lack of focus by line managers on people issues
- few opportunities for engagement by the front line in vision and strategy, outside their particular functional silo

- poor induction for new starters
- lack of helpful feedback on performance and inconsistent action taken to address poor performers
- low management attention paid to the explicit culture and behaviours required from all those in the Service
- absence of meaningful conversations about their careers, areas of development, opportunities for progression or broadening their experience base.

Many of these challenges are particularly stark for support staff in members' offices, including out-of-Parliament staff, who have less direct contact with the Service as employer than is usual, given their line management relationship is with their member. They also have a relationship breakdown clause in their employment agreements which makes it relatively easy for them to be replaced; a factor that at times adds a certain stress to both employee and member.

These issues require all managers in the Service to be as focused on the needs of their staff as they are on the needs of their external customers and to see these two things as absolutely connected. Managers require sound people management competencies that are supported with training and development activity, particularly for middle level and front line managers. Managers should be held accountable for the quality of their people management, including engagement scores and customer service metrics.

Progress to the extent required will also necessitate rethinking of the approach to performance management, which was historically tightly linked to remuneration increases. Since it was recently uncoupled from rewards, some managers and staff appear not to see 'the point' of performance reviews. Some also feel that developmental discussions are pointless given the limited career paths in some functions. These issues must be addressed with urgency. Management is people management, and regular, normalised discussion on strengths and development points are at the heart of people management. A significant reset is needed in this regard.

The Service has some of these challenges in common with other agencies in the Executive branch. We encourage it to leverage investments already made in other public sector agencies including an improved performance management system, talent management frameworks, and professional development curricula. Career path issues can be addressed on a multi-agency basis, both within the Legislative branch and beyond.

Union relationships appear somewhat dated and more adversarial than necessary. The SMT needs to consider a more strategic and proactive approach to joint work with unions on key people issues outside of formal bargaining processes.

The need to move with urgency to a best practice model is particularly essential given that members are in need of sensitive and strategic support in their line management of their staff. Relatively few come to office as experienced people managers themselves and even if they are, the stresses of their roles are such that they cannot prioritise this. They need to be supported with a deft touch. At present, they more often feel frustrated than supported.

The Service's PIF Self-review also notes specific communications challenges which are adversely affecting engagement. These relate to inconsistent communication of expectations by managers to staff, and in particular weak and inconsistent communication from the Service to its member support staff.

People Development

Similar messages have been given through the culture survey. Staff are now waiting to see how management responds. It will be critical for SMT to do so in a manner that does not push the work back onto staff or shirk the hard issues. They must be seen to be listening, owning and acting on the feedback from staff.

There have been recent efforts to improve communication from SMT to staff through the operational managers. These are not reaching staff in a way that communicates key messages or connects with staff's strong commitment to the mission of Parliament. Staff do not feel they are safe to provide feedback to managers or that requests for grass roots input are genuine.

To make the progress required the Service should:

- start at the top to ensure all SMT members have clear and consistent communications and a strong sense of team, as discussed above. SMT needs to be more active in communicating its expectations of managers in relation to their role in growing and developing their staff. More importantly SMT members need to lead by example including consistently showing a greater commitment to working with teams to set objectives, supporting them to make progress in achieving these objectives and ultimately openly and transparently assessing performance
- focus management development effort, and development conversations, on tier three and front line managers to reinforce the requirement for those with staff management responsibilities to significantly lift performance in this regard
- once the overall strategy for the Service has been co-developed with staff, undertake further joint work with staff on the required culture and behaviours necessary to execute on the strategy
- link management performance ratings to staff engagement levels
- undertake regular engagement with unions on an improvement strategy for people management
- implement a new performance management tool
- leverage people management tools and material from across the public sector
- develop, with input from members, a more explicit people management strategy for its member support staff
- supplement the existing HR capability with access to more strategic HR advice to support better day-to-day service and the development of an enhanced workforce strategy
- consider the adequacy of the current HR relationship management resource to truly discharge the Service's responsibilities as the employer of the member support staff.

It is not enough for the Service to bring its HR function up from its historically poor levels to a hygiene state. If the Service is to be all that it can be and partner with members to unleash the talent of its people, this area requires a more urgent and transformative approach.

ORGANISATIONAL MANAGEMENT SECTION

Part Four: Financial and Resource Management

<p>Asset Management</p> <p>How does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery and drive performance improvement over time?</p>
<p>Performance Rating: Needing development </p>
<p>Information Management</p> <p>How well does the agency manage and use information as a strategic asset?</p>
<p>Performance Rating: Needing development </p>
<p>Improving Efficiency and Effectiveness</p> <p>How robust are the processes in place to identify and make efficiency improvements? How well does the agency evaluate service delivery options?</p>
<p>Performance Rating: Needing development </p>
<p>Financial Management</p> <p>How well does the agency plan, direct and control financial resources to drive efficient and effective output delivery?</p>
<p>Performance Rating: Needing development </p>
<p>Risk Management</p> <p>How well does the agency manage its risks and risks to the Crown?</p>
<p>Performance Rating: Well placed </p>

The Service is a medium sized agency that supports 121 members, employs 721 staff throughout New Zealand and manages large office accommodation assets (primarily heritage buildings). It is a shared services provider to the other agencies in the parliamentary precinct and this role is increasing, especially for the Office of the Clerk and Ministerial Services. Accordingly the Service requires high quality strategic capability in the finance and support services areas. This capability has improved in recent years but still requires more emphasis. A cost to serve financial model is an urgent requirement. This information will enable the Service to engage with the Speaker and party Whips in a more evidence based discussion about priorities and service levels.

Financial and Resource Management

The Service manages Crown property assets with a book value of \$446 million and departmental non-current assets with a book value of \$19.3 million (cost \$54.6 million). Long term asset management plans are being put in place which will help to put building maintenance on a structured basis. More work is required to flesh out the detail of maintenance and capital plans and to ensure funding requirements are known well in advance. Four year and longer capital plans are being established for other assets and should assist in understanding lifecycle costs and asset replacement decisions.

The Service has been on a development path with its ICT including improving capability, enhancing customer experience, the consolidation of service providers and the extension of services to other precinct agencies. It recently refreshed its ISSP although this will need to be redone in the near future with the Office of the Clerk as a partner. Parliament is a 24/7 business with demanding ICT customers who expect ICT services to be available when they need them. Overall ICT is delivering well to members and staff but full service delivery to other precinct agencies needs much more focus.

Deficiencies were found with information management during the period of the Henry Inquiry. A number of recommendations are being worked through and there is a much clearer understanding of the Service's roles as a custodian of information. This should now be reflected in a much more strategic information management strategy.

In recent years the Service has reviewed all its business groups and undertaken restructuring to improve efficiency. Shared services on the precinct are generating savings. The Appropriations Review Committee assesses the adequacy, effectiveness and efficiency of parliamentary funding every three years. In 2012 the Committee recommended the Service make efficiency savings of \$1.8m in the 2013/14 year across a range of activities (back office process efficiencies, reduced accommodation costs at Bowen House and business system improvements). The Service has actioned these recommendations. The Committee noted that savings targets will be much more difficult to achieve for the 2014/15 year.

The Service uses the BASS measures to benchmark its finance, HR, IT and property functions and continue to seek efficiencies in these areas. The Appropriations Review Committee noted that "human resources and finance functions are broadly performed in accordance with the relevant peer entities as contained within the BASS benchmarking metrics". The Service has good awareness of the operating models used in other jurisdictions for delivery of similar services. It has periodically considered whether alternative arrangements (for example the way in which member out-of-Parliament office accommodation is managed) would deliver an enhanced level of service or cost efficiencies.

Overall there has been good progress but the Service's PIF Self-review notes that there needs to be better benefits analysis of proposals and projects as currently it is difficult to assess whether the Service is achieving the best efficiencies possible. One of the risks of continuing to reduce costs in the absence of quality cost to serve information and a strong understanding of the impact of cost reductions on service levels, is a potential to reduce services in areas of high customer expectations.

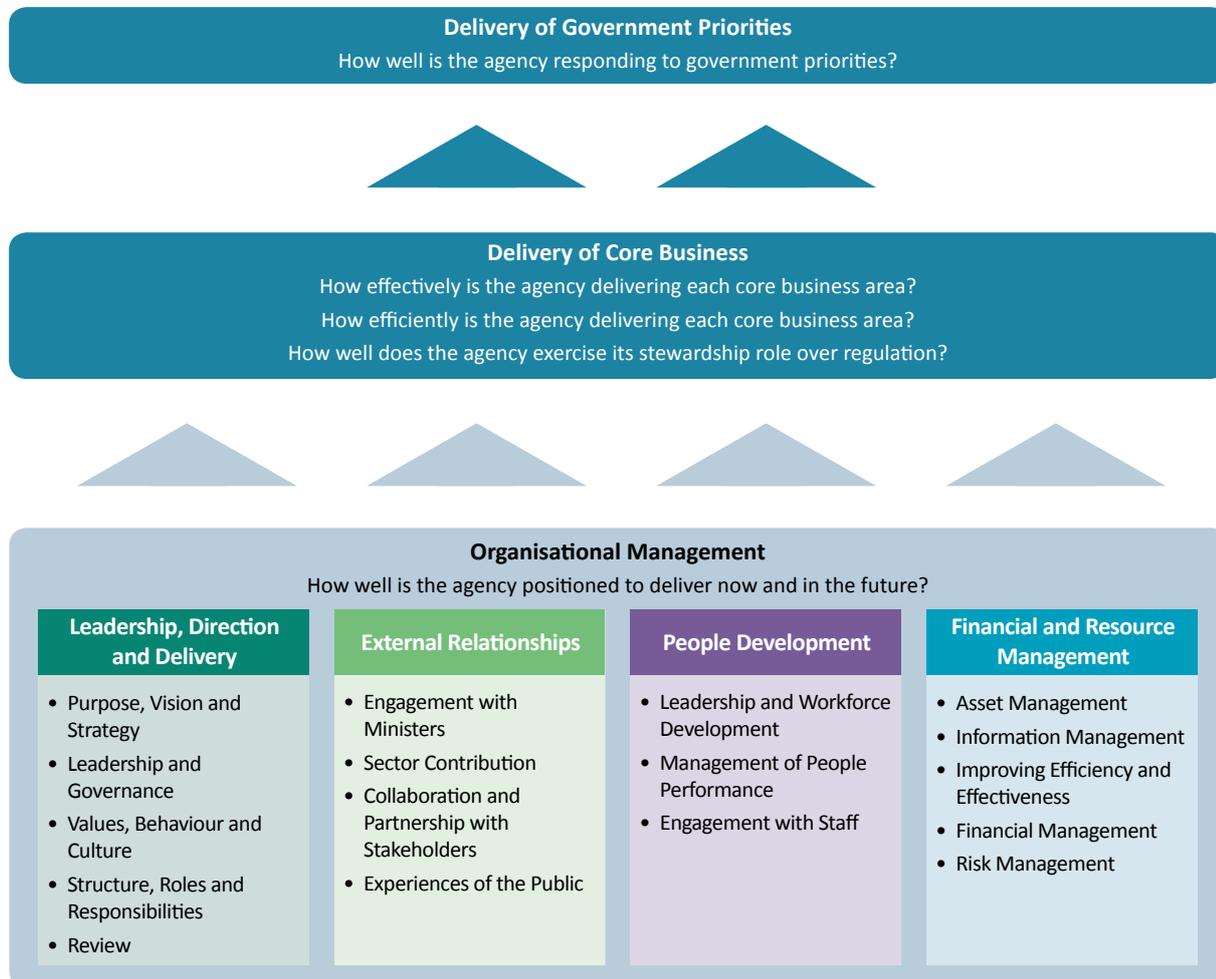
In the past the finance function has struggled with processing tasks and adequate systems and controls. A new CFO was appointed in 2013 and has led an improvement programme including putting in place a new FMIS. The audit ratings for financial and service information, systems and controls have both improved from Needs improvement to Good; although there is further to go. Financial literacy among users (including the Service's managers, member support staff and shared services users) has been limited but is improving.

Strategic financial management, including integrating performance and risk with planning, is in its infancy. Finance is getting greater visibility of capital planning, business cases and projects. A 'cost of service' project has started to support better prioritisation decisions on the services offered. The CFO role includes the Office of the Clerk and is important to the growth of strategic financial management in that organisation.

There is a risk framework and policies, and regular reporting on strategic and operational risk. There is a dedicated risk and assurance function. A new Parliament Sector Advisory Board has been formed with the Office of the Clerk, effectively merging the two agencies' previous risk and assurance committees. However risk management needs to be better integrated with operations and projects. And while doing this, it is important that the Service does not, in the post Henry Inquiry environment, become bureaucratic and overly risk averse. Rather, as discussed above, the Service needs to take calculated risks, innovate in service delivery and learn from lessons.

APPENDIX A

Overview of the Model



Lead Questions

Results

Critical Area	Lead Questions
Government Priorities	1. How well is the agency responding to government priorities?
Core Business	2. How effectively is the agency delivering each core business area?
	3. How efficiently is the agency delivering each core business area?
	4. How well does the agency exercise its stewardship role over regulation?

Organisational Management

Critical Area	Element	Lead Questions
Leadership, Direction and Delivery	Purpose, Vision and Strategy	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership and Governance	7. How well does the senior team provide collective leadership and direction to the agency? 8. How well does the Board lead the Crown entity? (For Crown entities only)
	Values, Behaviour and Culture	9. How well does the agency develop and promote the organisational values, behaviours and culture it needs to support its strategic direction?
	Structure, Roles and Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? 11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?
	Review	12. How well does the agency encourage and use evaluative activity?
External Relationships	Engagement with Ministers	13. How well does the agency provide advice and services to Ministers?
	Sector Contribution	14. How effectively does the agency work across the sector?
	Collaboration and Partnerships with Stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?
	Experiences of the Public	16. How well does the agency understand customers and citizens' satisfaction?
People Development	Leadership and Workforce Development	17. How well does the agency develop its workforce (including its leadership)? 18. How well does the agency anticipate and respond to future capability requirements?
	Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce? 20. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	21. How well does the agency manage its employee relations? 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?
Financial and Resource Management	Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery and drive performance improvement over time?
	Information Management	24. How well does the agency manage and use information as a strategic asset?
	Improving Efficiency and Effectiveness	25. How robust are the processes in place to identify and make efficiency improvements? 26. How well does the agency evaluate service delivery options?
	Financial Management	27. How well does the agency plan, direct and control financial resources to drive efficient and effective output delivery?
	Risk Management	28. How well does the agency identify and manage agency and Crown risk?