

MANAGEMENT BOARD

Benchmarking

Paper from the Head of the OCE

For the meeting on 12 March 2015

Purpose

1. The main purpose of this paper is to set out to the Board the range of benchmarking activities underway across the House Service. It also invites the Board to consider whether it wants to encourage further benchmarking work.

Action for the Board

2. To **note** the benchmarking activities already undertaken; and to **consider** whether further steps should be taken to use benchmarking within the House Service. The Board is invited to **agree** the actions proposed in bold in paragraphs 10 and 11.

Consultation and equality analysis

3. BMDs were asked to provide details about benchmarking activities underway in their Departments. At an informal meeting with the Board, WEN representatives raised the benchmarking activities already undertaken within the field of Diversity and Inclusion and discussed the possibility of further benchmarking work.

Background and definition

4. In November 2014, the Management Board agreed that it wanted to know more about the range of benchmarking activities undertaken across the House and consider whether there was a case for doing more. Various definitions of 'benchmarking' exist, but a 2010 survey by the Global Benchmarking Network made a distinction between **informal** benchmarking (for example, consulting experts and networking with counterparts from other organisations) and **formal** benchmarking, which usually involves the comparison of performance data obtained by studying similar activities or processes. The measures

compared may be financial (for example about costs, or the ability to remain within allocated budgets) or non-financial (such as customer satisfaction, staff turnover and/or absenteeism etc). The most sophisticated (and resource-intensive) type of formal benchmarking is best practice benchmarking, where performance data is used to identify the best performing organisation in a given area, and the reasons for success are analysed and implemented in other organisations. Both informal and formal benchmarking may be undertaken within an organisation and between different organisations (internal and external benchmarking).

What benchmarking do we do now?

5. Annex A summarises the responses from BMDs and others about the benchmarking activities which are already undertaken in the House. It indicates that there is a wide range of benchmarking, although much of it is informal. There are lots of examples of where the House Service engages with others, and attempts to learn from their experiences. There are fewer examples of formal benchmarking, involving the comparison and analysis of performance and other metrics, although Facilities (and in particular Catering), Visitor Services & Retail, and PICT have done work of this kind, typically through participation in benchmarking programmes led by external organisations.

Benchmarking work in development

6. In addition to the activities listed in Annex A, respondents said that the following benchmarking work was in development:
 - i. The Department of Finance has developed a cost model to determine the cost of certain functions and activities. This requires further work but could provide the basis for tracking costs over time and comparing them to those of other Parliaments.
 - ii. The Director of Catering is leading work within Facilities to develop further benchmarking activities across the Department, including holding a workshop for colleagues to introduce the British Quality Foundation's benchmarking approach and to facilitate decisions about what should be benchmarked, selection criteria for benchmarking partners, critical success factors and KPIs.
 - iii. The Official Report is developing methods to allow quality control data to be compared with those for contractors working on select committee oral evidence transcripts.
 - iv. The Audit and Compliance Unit/Security Vetting Unit are working with the Scottish Parliament, devolved assemblies and others to develop a benchmarking framework which may consider clearance times for British and non-British

nationals, levels of Baseline Personnel Security Standard compliance amongst contractors and the quality, cost and frequency of audits.

- v. Benchmarking of the customer service element of the new doorkeeper team's work is starting.

Should we benchmark more?

7. When done well, benchmarking provides a range of benefits. It can:

- Drive performance improvements;
- Lead to lower costs;
- Identify areas of weakness and strength; and
- Encourage innovation.

In commercial organisations, gaining competitive advantage is often a key driver for benchmarking in a way which would not apply to most of our operations (with the exception, for example, of areas like tours and catering, where we already appear to have a mature benchmarking operation). However, in addition to the generic impetus to improve performance and lower costs which good benchmarking can provide, there could be a particular reputational benefit to the House Service of being able to demonstrate to Members, the media and others that we are performing comparatively well.

8. A concern which has been raised by some of those consulted has been the difficulty of finding relevant comparators, given the very specific setting and nature of much of the work of the House Service. The list of current benchmarking activities shows that the House Service undertakes informal benchmarking with the devolved legislatures in the UK and with other Parliaments (for example, by the Serjeant's Directorate, the Committee Office and the Broadcasting Unit). However, much of what we do as a House Service involves expertise or competencies which are not just confined to parliamentary settings, for example customer service, HR provision, project and programme management, procurement, managing budgets, IT provision, and many more. Therefore, if benchmarking is to be exploited to the full, it will require some creativity in thinking about the kinds of organisations with which useful comparisons can be made. This is already happening in some areas—for example, the CI team is working with counterparts in the Ministry of Justice and the Food Standards Agency, and the Catering Directorate benchmarks against hotels and restaurants—but it might be worthwhile to provide some constructive challenge in areas which it is asserted that there is no obvious comparator.

9. Benchmarking is not a free good. Subscriptions to benchmarking “clubs” have a cost attached—PICT pays £8k annually to benchmark its activities via the Society of Information Technology Management, for example—and informal benchmarking entails the costs of staff time, at least. Even the Global Benchmarking Network—an industry body which promotes the use of benchmarking—states that “too often performance benchmarking data is collected (often at significant cost) and no further action is taken after the data has been obtained”.
10. The list at Annex A indicates that there is a wide range of informal, and to a lesser extent, formal benchmarking undertaken within the House. However, I have not tested whether current benchmarking activities:
 - i. represent a comprehensive coverage of all the main services we provide;
 - ii. improve performance;
 - iii. are cost-effective; or
 - iv. should be supplemented by additional benchmarking in specific areas.

If the Board wants to test those propositions, as well as encourage greater benchmarking activity, it could:

- (a) require Departments routinely to give an account of their benchmarking activities in annual reports and business plans and reflect this work in corporate-level plans and reports;**
- (b) include Departmental benchmarking activities in the annual challenge process and ask Departments to explain how they are making the most of benchmarking opportunities;**
- (c) develop a mechanism whereby the main results of benchmarking activities can be reported to the new Executive Committee;**
- (d) ask the Internal Audit and Continuous Improvement teams routinely to seek to identify further benchmarking opportunities in their work; and**
- (e) support the work being led by the Department of Finance on the development of a cost model and ask for progress to be reported to the Board.**

Customer Service

11. The Board has decided and reported to the Commission that a prime focus of the strategy for the House Service in the next Parliament should be improved customer service. The Customer Services Team in DIS has already put significant effort into learning from the experiences of others, for example via IPT fellowships and study visits to a wide range of organisations.

Other parts of the organisation also take steps to benchmark the customer experience, for example through the use of mystery shopping in catering outlets. While the Board has yet to decide how the House-wide work on customer service which will be necessary under the new strategy will be implemented, **it might agree now in principle that that work should be underpinned by benchmarking, both through continuing to learn from the experiences of others who provide excellent customer service; and by committing to developing a process of benchmarking customer satisfaction across the range of services provided by the House. That work could be led by whoever is tasked to take forward the customer service work in the new Parliament.**

Financial and procurement implications

12. There are no immediate additional costs arising from the recommendations in this paper. When deciding whether to undertake formal or informal benchmarking activities it should be routine good practice to assess whether the activity is likely to represent good value for money, and to assess the benefits subsequently.

Risk management

13. Effective benchmarking could help manage a number of board level risks, in particular 3 (the House suffers a loss of reputation due to ineffective or inadequate actions by the House Service) and 6 (the ineffective prioritisation and management of financial resources and poor contract management will impact on the House Service's ability to achieve its strategic goals).

Annex A: Current Benchmarking Activities

Chamber and Committee Services

Serjeant's Directorate

- i. The Commons' security profile is reviewed by external experts and appropriate adjustments made.
- ii. The processes of the Pass Office and MSVO are overseen by the Centre for the Protection of National Infrastructure which reflects industry best practice.
- iii. The Serjeants have regular contact with counterparts from other parliaments.
- iv. Two external organisations are employed to import industry best practice to our search and screening activities, both in terms of the development of policies and day-to-day operations.

Official Report/Broadcasting Unit

- v. The Broadcasting unit has visited the devolved legislatures to view their broadcast facilities. Data is collected on: requests from Members, media organisation and others for video and images; the use of the online video service; and on broadcast usage. Financial analysis is also undertaken to understand cost per hour and return on investment.
- vi. The Official Report has sought to benchmark its services against other parliamentary reports but differences in sitting patterns and service standards have made this difficult. Services are monitored internally via a quality control process.

Chamber Business Directorate

- vii. The Vote Office undertakes external comparisons of print costs, and internal benchmarking in relation to reductions in paper usage, service levels and customer satisfaction.

Committee Office

- viii. Senior staff in the Committee Office have regular contact with counterparts in the House of Lords, the devolved legislatures and other Commonwealth Parliaments, and staff participate in the Committee Secretariat Network, alongside the devolved legislatures, the Crown Dependencies, the GLA and the Oireachtas.
- ix. Inward secondments to the Committee Office of staff from the devolved legislatures and other parts of the public sector have brought specialist skills and allowed lessons to be learned from other organisations—for example, the inward secondment of an FCO official has led to improved guidance relating to foreign visits by select committees. Committee Office staff have

also participated in secondments or training visits to the devolved legislatures and there is a biennial exchange with the Bundestag, and less frequently with the Assemblée Nationale.

- x. The Committee Office actively encourages assessment of the effectiveness of the scrutiny process by academics and others, participating in initiatives by the Constitution Unit/UCL, Hansard Society, the Institute for Government and others.

Facilities

- xi. The Department has recently improved on its four star assessment under the EFQM Recognised for Excellence Programme. The EFQM Levels of Excellence Programme is used by more than 30,000 organisations and is Europe's leading recognition programme for high levels of organisational performance. The programme requires objective external assessment and the British Quality Foundation has said that “By achieving 4 stars, the Department of Facilities in the House of Commons has demonstrated that it is operating at a very high standard of performance.” Although the assessors’ feedback report stated that “there is currently little external benchmarking of performance” it noted, that steps were being taken to address this, and that “all opportunities to adapt and implement good practices from elsewhere are taken” with regard to environmental performance and that there was evidence of regular benchmarking in the area of catering and banqueting.

Catering

- xii. A twice-yearly mystery shopping programme, using a standard approach for the industry, allows shifts in scores (for example for environment, service standards and food and beverage) to be identified within and across outlets.
- xiii. Surveys of customers in each cafeteria are held twice yearly, alongside the collection of qualitative data on range and promotions.
- xiv. Catering tariffs are benchmarked across different venues to ensure: items are for sale at prices broadly in line with similar organisations; that value for money is being offered; and that correct gross profit margins are being achieved. Prices are analysed and if necessary changed, usually at six monthly intervals.
- xv. A contract is held with an external benchmarking services provider to provide benchmarking of the prices paid to suppliers. A large scale evaluation held in January of the top 100 products showed that the prices paid by the House were within 0.02% of the market overall. Given the results and the cost of the exercise (c. £10 per item) it was agreed that conducting the exercise more than once a year would be disproportionate. Contracts state that price adjustments will be benchmarked and measured against agreed indices, which can prove to be a useful negotiating tool. Membership of the London Purchasing Managers’ Forum also gives access to the prices paid by certain restaurants and hotels in London.

Finance

- xvi. A number of service reviews have included elements of benchmarking, including the LEAN review of Accounts Payable and Accounts Receivable by Deloitte in 2011–12, and the Finance Function review in 2012–13, which also used support from Deloitte.

Human Resources and Change

- xvii. Employee absence is benchmarked using national data from CIPD and CBI.
- xviii. Staff survey results are compared with those in the civil service.
- xix. liP accreditation involves benchmarking against a national standard.
- xx. Aspects of Diversity and Inclusion are benchmarked through the House's participation in: the *Stonewall Workplace Equality Index*; the *Disability Standard* run by the Business Disability Forum; and the *Louder than Words Charter Mark* run by Action on Hearing Loss.
- xxi. Pay levels are benchmarked against other organisations.

Information Services

- xxii. The Indexing and Data Management Section in DIS have benchmarked the time taken to index content using PIMS against a new application and conduct annual monitoring focused on improving efficiency and the currency of information indexed.
- xxiii. The Education Service keeps in contact with and visits other organisations to share good practice, and has visited overseas comparators while developing the new Education Centre. The Service is also assessing what comparable organisations do as part of the new booking system project, and the Transport Subsidy Review.
- xxiv. Visitor Services and Retail benchmark the quality of their visitor experience against other leading attractions, mainly via the financial benchmarking and mystery shop schemes run by the Association of Leading Visitor Attractions. An annual benchmarking exercise of ticket prices is undertaken, comparing prices to other London attractions. They also produce monthly reports on visitor feedback from on-site visitor surveys, and produce a monthly report based on TripAdvisor comments.
- xxv. Visitor Services and retail are also in close contact with local visitor attractions, and visit other sites (including other Parliaments) to share best practice. They also work with industry partners such as Visit Britain.
- xxvi. The Media and Communications Service have developed a commercial filming rate card by benchmarking against other publically available rate cards and verifying with Film London.
- xxvii. The Public Information Office has informal conversations with counterparts in the devolved legislatures about best practice.
- xxviii. The Web & Intranet Service benchmark the Parliament Website annually.

- xxix. The Research Directorate shares good practice with other British and European counterparts and, internally, the work of Research Sections is checked against quality standards and customer feedback.
- xxx. The Customer Services Team benchmark their customer service, for example via the UK Inter-Parliamentary Research and Information Network. The DIS Director of Service Delivery and the Head of Customer Services have made benchmarking visits as part of Industry and Parliament Trust fellowships. CST members have visited a range of external organisations, including Virgin Atlantic, Ocado and Waterstones to learn from their experiences of customer service.
- xxxi. POST uses the European Parliamentary Technology Assessment network to look at what their international equivalents are doing. It is also running a programme to evaluate the use of research evidence with Parliament, with one focus being the role POST plays within that.

PICT

- xxxii. PICT undertakes formal benchmarking via the Society of Information Technology Management (SOCITM). PICT is one of 13 participants in the London round of assessment, 11 of which are local authorities. Annual subscription costs c. £8k and assessment involves organisations submitting various IT-related data, including financial, operational and staffing metrics, against which SOCITM produces comparative data, a report with commentary, and some year-on-year comparisons. The SOCITM subscription is under review because: not all the data required is collected in PICT; PICT is an outlier, and is not particularly comparable with the other organisations in the London pool, especially local authorities which face a different set of challenges; and the strategic context in which PICT operates is different. PICT has struggled to find suitable benchmarking partners since its inception, but notes that the need for it will be more critical with the formation of the PDS and considers that the best way forward might be to benchmark specific aspects of performance, rather than looking for a “one size fits all” approach.