



**NHS England
NHS Improvement**

Meetings in Common of the Boards of NHS England and NHS Improvement

Meeting Date: Thursday 27 September

Agenda item: 04.i

Report by: Emily Lawson, SRO Joint Working Programme and National Director: Transformation & Corporate Operations, NHS England

Report on: **Next steps on delivering a single operating model and shared culture**

Progress on delivering a single operating model across NHS England and NHS Improvement; specifically covering:

- a) Overview of our new operating model
- b) Joint governance and accountability
- c) Developing a shared culture
- d) Implementing our new operating model

Introduction

1. At the public meetings in common of the NHS England and NHS Improvement Boards on 24 May, both organisations committed to delivering a new model of joint working. The proposals covered joint governance and accountability; creating integrated regional teams and new regional geographies; aligning appropriate corporate functions, and on managing change well.
2. The purpose is to transform the ways of working to provide a single system view, single messaging and shared leadership to support and enable integrated care across England.
3. Although it is not possible to merge the two organisations, NHS England and NHS Improvement's affairs can be conducted in a way that maximises our ability to achieve these joint working objectives. It is clear that, just as we are seeing with the best local integrated care systems, we can bring our two organisations together into a joint enterprise, drawing together our people and capabilities, our resources, activities and our leadership to collectively deliver greater value for the NHS.

4. Since May, we have been developing the single operating model through which we will make changes to all aspects of our existing organisations – defining our joint purpose and setting up our shared governance, systems and processes, organisation structures and capabilities, culture and behaviours and financial set up.
5. In this paper, we set out our progress to date and our next steps to implement this new operating model.

Our new operating model

6. Since May, we have been developing a single operating model. In doing so, we have been guided by the following principles:

Design Principles	
Simple	<ul style="list-style-type: none"> • Wherever possible, we have a single point of accountability for any responsibility. • The processes and structures for carrying out any activity should involve the minimum number of steps and handovers between functions, and everyone involved is clear about how to get things done in their area
Efficient	<ul style="list-style-type: none"> • We are committed to removing duplication and doing things once where possible • Following the funding settlement and ambition for the long term plan, we must have a sharper focus on improving productivity and efficiency, focusing collectively on a shared commitment to deliver 20% efficiency within our new operating model.
Aligned	<ul style="list-style-type: none"> • We speak with one voice • We ensure our messages are consistent, internally and externally
Practical	<ul style="list-style-type: none"> • We engage with the broader healthcare system to ensure our approaches work for those delivering care to patients
Collaborative	<ul style="list-style-type: none"> • We work as joint and equal partners, learning from each other and creating the right shared vision, culture and behaviours • We actively seek input and feedback from each other and from our stakeholders on our policies and activities
Adaptive	<ul style="list-style-type: none"> • Our structures and processes are designed to adapt to changing circumstances • We build learning into all our major processes

7. The operating model covers our joint purpose, governance, systems and processes, organisation structures and roles, our capabilities, culture and behaviours, and financial set up. The next section covers an integrated view of the operating model, before covering some of its elements in more detail.

How will the operating model deliver?

8. The way our joint enterprise will work is represented below in Figure 1:

- NHS system-level decisions will be made jointly. Jointly between our constituent organisations, our corporate and regional teams – who come together through the NHS Executive Group - and through our engagement with the stakeholders of the NHS via the input of the NHS Assembly.
- The locus of decision-making and resources within our organisations will be centred more on the Regional Directors and their teams, who will promote, encourage, support and challenge local systems to achieve more integrated and sustainable models of care. The regions will manage the performance of local systems, drawing on the expertise and support of the corporate functions to improve services and support local transformation.
- The Corporate Directors and their teams will provide strategy, support and services, such as improvement capability, run activities where those activities only need to be done once and benefit from scale, such as setting data standards, and deliver the necessary national regulation, guidance and support to the NHS as a whole.

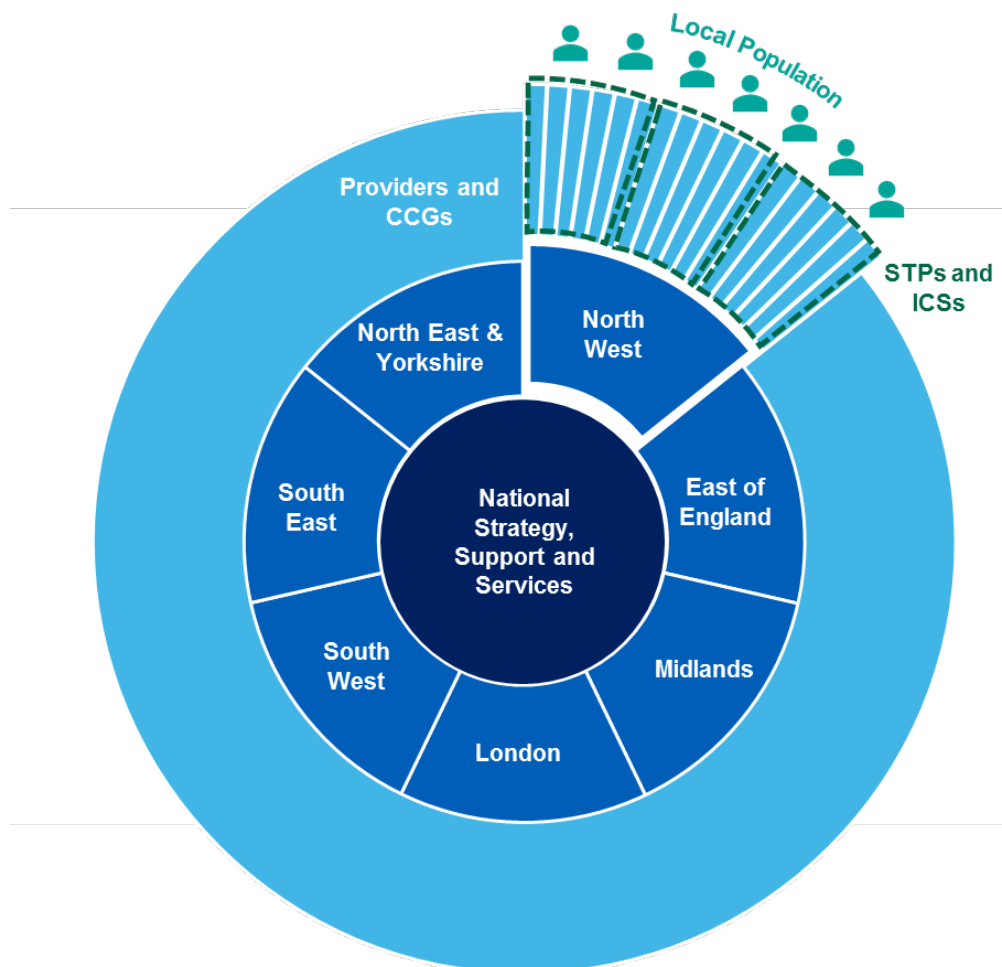


Figure 1: Visual of our new operating model

9. This model will be adaptive. For example, as local systems improve and transform the balance of activities that take place in regions and in the local health system may shift to ensure that services, support, regulation and improvement are all located where they best deliver improved care and health for patients.
10. The corporate and regional teams both have critical roles to play in supporting NHS delivery. The corporate functions hold specialist expertise and integrated strategy on the core functions of both constituent organisations, while the regions hold the relationships with local systems, and operational responsibility as well as the resources for supporting delivery.
11. To make the most of both dimensions, the operating model requires matrix working both within and across regional and corporate teams. The model is designed to help us make the most efficient and effective use of all our capacity and capability, provide opportunities for staff to develop their expertise, reduce the potential for silo working and help us to remain focused on our prime purpose – improving outcomes for patients.
12. To operate well in a matrix structure we are making changes to our internal set up and processes:
 - **Aligned leadership:** The 20 members of the NHS Executive Group will develop an integrated strategy building from the long term plan for the NHS, as well as a set of clear actions to ensure effective and consistent implementation of these priorities across their teams
 - **A single internal planning process:** To agree priorities annually and agree how they will be resourced
 - **Clear accountabilities for all core activities:** To make sure decision-making is efficient and effective, all core processes will be designed to be as simple as possible, in line with our design principles. Our current focus is on ensuring we have a clear line of sight for supporting, managing and regulating the performance of local health systems. This activity needs to be owned and led by the regions, with regions drawing on corporate specialist expertise where that adds value – for example in spotting and reacting to national trends.
 - **Flexible resourcing:** To ensure the right people are in the right place to deliver, a new flexible resource process will be in place to make sure staff get the right opportunities and work is appropriately resourced with the right mix of skills to deliver
 - **Reward and recognition:** Amendments to our current processes to make sure colleagues are recognised for their contributions to overall delivery of our priorities, not just for contributions to ‘their’ bit of the organisation
13. In addition, making this work requires a significant programme of change to our cultures and behaviours. Our approach to delivering this is detailed below in section B.

A. Aligning our governance

14. In May, we set out that whilst respecting the legal need for the NHS England and NHS Improvement Boards to separately oversee their distinctive responsibilities, our Boards will also consider the extent to which our board committees might be reshaped and aligned.
15. Since May, we have progressed this work and, as set out in the parallel Board paper [04.ii.MiCIE.27.09.2018], we are now proposing that our two Boards are brought into alignment with the single executive governance model, in line with the following key principles:
 - a. Strong board and non-executive oversight for the NHS without increasing the governance burden on executive colleagues;
 - b. Single lines of reporting and accountability wherever possible; and
 - c. Governance form should follow and facilitate as far as legally possible the new single system purpose and executive function.
16. In the Board paper, we set out a number of proposed committees in common, where our two Boards will come together with joint oversight strategy and delivery. Committees in common comprise a committee of each Board at a common time and place with a common agenda and attendance.
17. Since May, our two Chief Executives have been progressing work on aligning our two leadership teams into the single NHS Executive Group. We will be moving to these new arrangements over the coming months.

B. Developing a shared culture

18. At its heart, our new operating model will be built on the development of a new shared culture and set of values, and behaviours and capabilities to support the system leadership we will provide to the NHS.
19. Internally, we will work to ensure our organisations are places where our staff are supported to do their best work and we model the kind of supportive, improvement-focused culture and leadership that is required to deliver the best possible care to patients. Externally, through our regional teams, the tone of our interactions with the system will be focused on promoting, encouraging and supporting local systems to deliver.
20. Since May, to gather input on the kind of culture our staff would like to see, we have been running engagement sessions across the country, crowd sourcing input from both colleagues and system leaders on the kind of culture, behaviours and ways of working that will best deliver single system leadership within our joint enterprise. These conversations have shown striking consensus on what good would look like. The summary of what we have heard from this engagement is set out overleaf.

Theme	What we've heard from staff and the system	Indicative quotes	Immediate actions
What we do: Clarity of purpose and priorities	<ul style="list-style-type: none"> • A clear understanding of our role • A clear list of our priorities • A clear narrative of what we do and how it adds value • All of our activities can be linked back to our purpose • The system is clear on how we support them to deliver and improve 	<ul style="list-style-type: none"> • <i>"Everything we do can be linked to our purpose"</i> • <i>"We are clear on priorities, and on objectives – there is a clear golden thread"</i> 	<ul style="list-style-type: none"> • We have engaged approximately 250 senior colleagues in developing our shared narrative covering our purpose, identity and priorities. This will now be tested against the long term plan, and finalised with the new Joint Executive Group. • We are working through an integrated business planning process for 19/20 and will be developing a fully integrated approach for 20/21.
How we work: Being agile, flexible, efficient and impact-oriented	<ul style="list-style-type: none"> • Un-bureaucratic and simpler to operate within • Do things once wherever possible • Non-siloed and efficient working • Have the right resources and processes in place to support making best use of our people • Our interactions with the system are clear, streamlined and add value 	<ul style="list-style-type: none"> • <i>"There is less duplication of effort – e.g. one single source of data and one ask of the system"</i> • <i>"We review what we do and why we do it – with intention to drop activities that don't add value"</i> 	<ul style="list-style-type: none"> • We are using continuous improvement techniques on our key business processes, building on early progress from ongoing initiatives. • We are investing in resource to develop cross-organisation continuous improvement capability.
What it feels like to work here: Valuing creativity, diversity and respect	<ul style="list-style-type: none"> • Communicate openly and frankly, consistently • Be proactive and ambitious about increasing diversity • Role model what we want to see in the sector, in terms of supporting staff wellbeing and work-life balance; addressing bullying; and ensuring staff feel respected and valued across all levels of the organisation 	<ul style="list-style-type: none"> • <i>"Champion the idea that diversity isn't just exterior. Real diversity is having ideas that don't necessarily fit but allow for creative insight"</i> • <i>"More positive culture that people feel empowered and are all aligned with"</i> 	<ul style="list-style-type: none"> • We are taking the issues raised within both organisations' staff surveys along with what we've heard from staff through our recent engagement to build our shared culture change strategy.

21. To progress this work, we are following the process set out below:

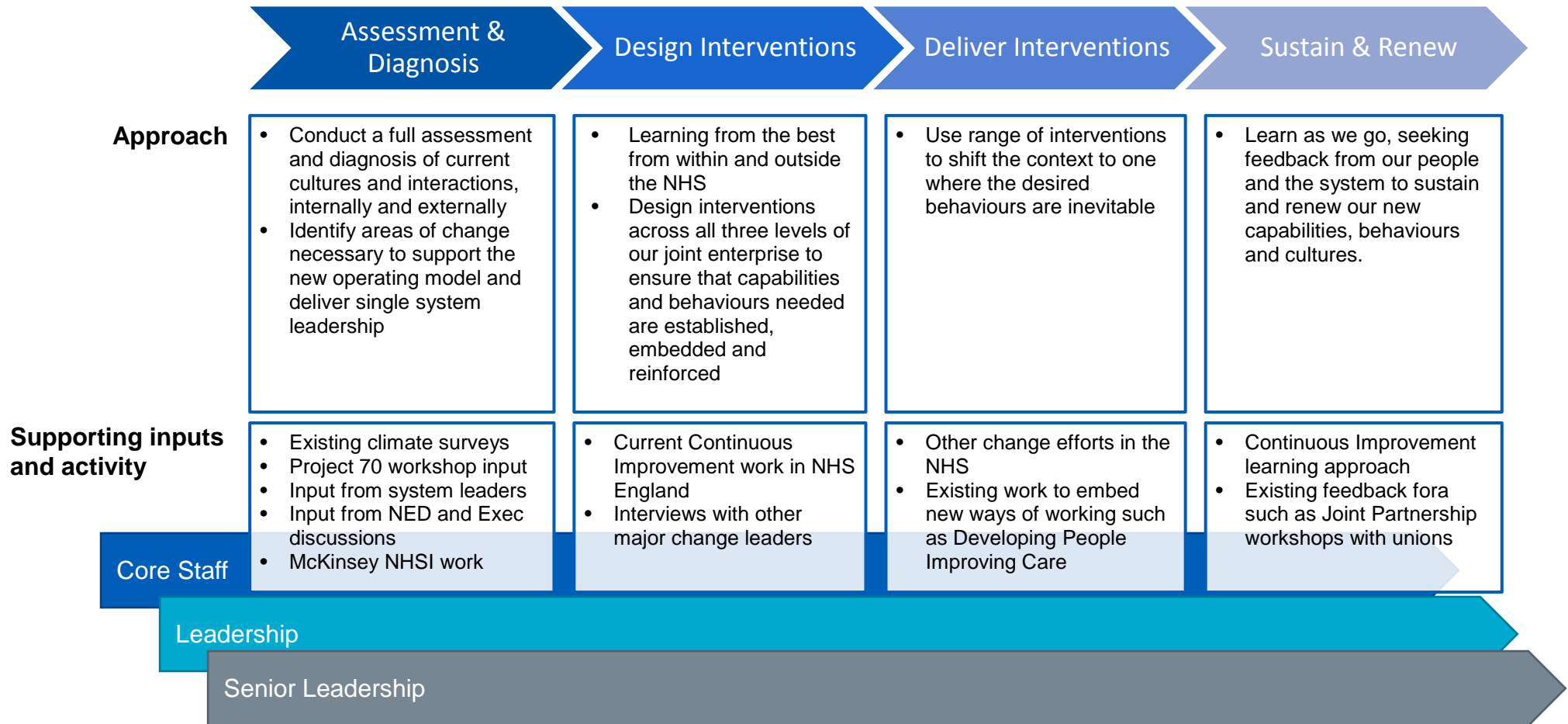


Figure 2: Developing our cultural change approach

C. Establishing the financial systems of the new shared organisation

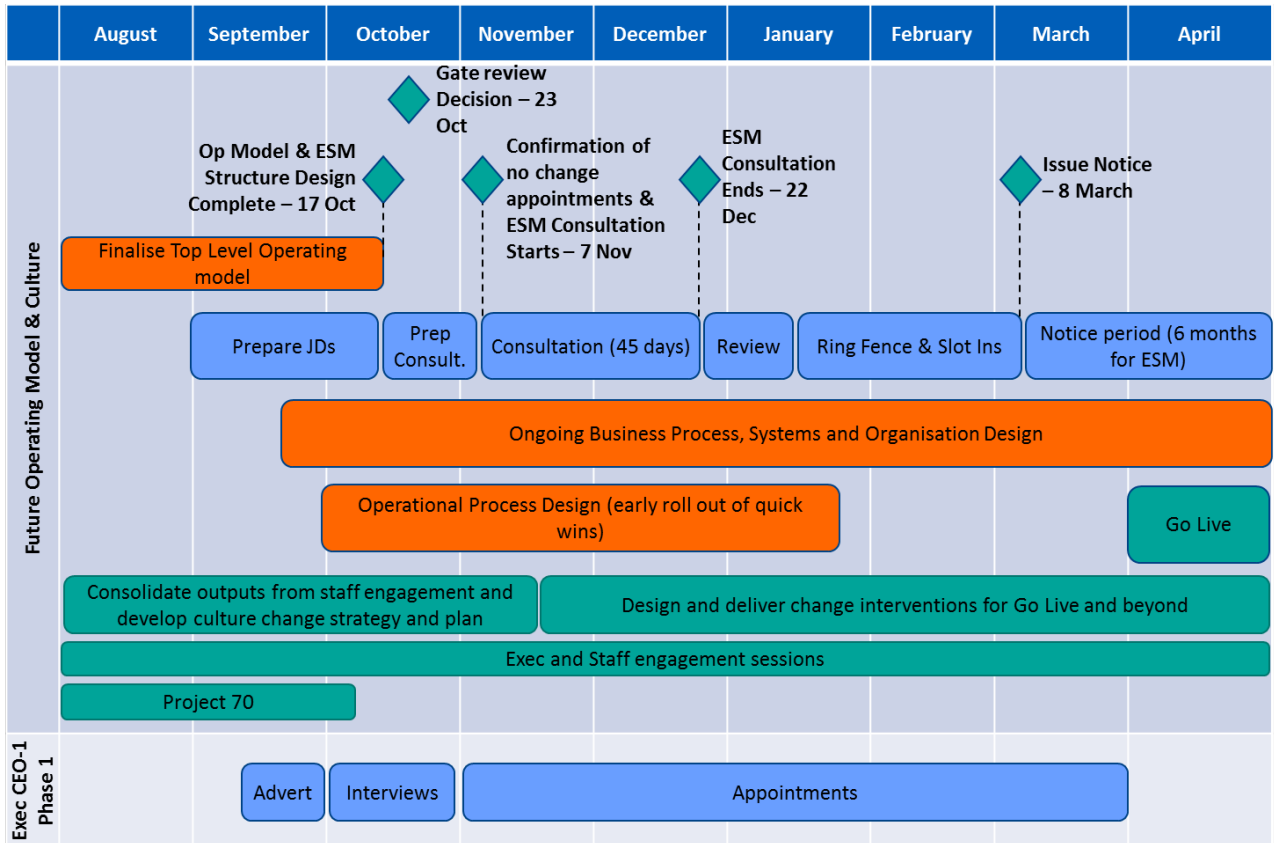
22. In line with our design principles, we are committed to removing duplication and doing things once where possible. Following the funding settlement and ambition for the long term plan, we must have a sharper focus on improving productivity and efficiency. Both organisations have therefore committed to an overarching set of financial principles, within a 20% shared efficiency envelope, to ensure the corporate, regional and local 'end to end' design work delivers the efficiencies required.

Implementing our new operating model

23. Alongside the long-term plan and our ongoing support of NHS delivery, delivering our new operating model is a central organisational priority. To enable us to implement our new operating model from April 2019, we have mobilised a focused programme team, sourcing talent from across our organisations who are now working across the following five workstreams:

- **Future operating model** – responsible for establishing the new organisation structures, roles and processes
- **Culture, leadership and engagement** – establishing the new organisational culture and behaviours components of the operating model
- **Finance and efficiency** – ensuring we meet our shared 20% efficiency commitment and establishing the finance operating system of the joint enterprise
- **HR and consultation** – Establishing the people capability for our new shared organisation
- **Implementation** – The strategy and approach to implement our new operating model and 'go live', whilst maintaining necessary grip on business as usual, particularly in relation to winter and other delivery priorities

24. Our high-level implementation timeline ahead of April is as follows:



Recommendation

25. The Boards are invited to endorse these proposals.