

# Fit for the future?

## Health sector survey 2013: The results

The Health and Social Care Act 2012 lies at the heart of the largest transformation the NHS has ever seen.

So, are the changes working? How are leaders coping? What difficulties lie ahead?

**Set clear direction  
and vision for a  
healthy horizon.**



# Executive summary

An ageing population, the costs of new drugs and treatments, growing expectations of what health services are able to deliver, and a period of stagnating public funding have led to a fundamental shift in how healthcare in the UK is commissioned, provided and regulated. A far-reaching transformation is underway, backed by legislation, aimed at improving clinical effectiveness, quality of services, patient safety and value for money.

At Moorhouse, we commissioned our **Fit for the future?** survey to understand more about how healthcare leaders are coping with the implications of this change for themselves, for their organisations and for the sector. We asked them what do they need to do throughout this period of uncertainty to deliver the objectives of the transformation, whilst continuing to provide high quality and sustainable patient outcomes, regardless of other distractions.

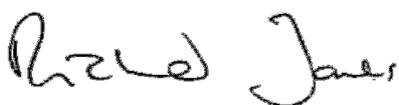
The answers we received highlight some sobering concerns which pose a genuine risk to the sector's ability to meet current demands and to make the further changes required of it.

- A large proportion of respondents believe that some core objectives of the transformation are not being met, such as the promotion of greater patient choice and the ability to deliver cost reductions;
- There has been a diminished clarity as to which organisations are now accountable for patient care;
- Many organisations do not have a clear vision, or a vision that has been clearly communicated to internal and external stakeholders;
- Many organisations are not currently equipped to deliver change; and
- The sector has become even more fragmented and uncoordinated with confusion over how organisations should interact with each other.

We picked up on a tangible apprehension that the sector is failing to navigate the required transformation successfully. However, our analysis also suggests that organisations stand a better chance of success if the leadership:

- Provides strong direction and embeds a clear vision;
- Focuses on developing a culture that embraces change; and
- Promotes bold and innovative collaboration with stakeholders.

With a clear vision and confidence in their delivery capability, organisations are more likely to be able to work together effectively. This collaborative attitude needs to lie at the heart of the sector. However, to achieve it, there needs to be a brutally honest appraisal of the challenges that lie ahead and organisations' current ability to respond. This must be coupled with an achievable strategy that delivers changes in order of priority.



**Richard Jones**  
Executive Director, Moorhouse

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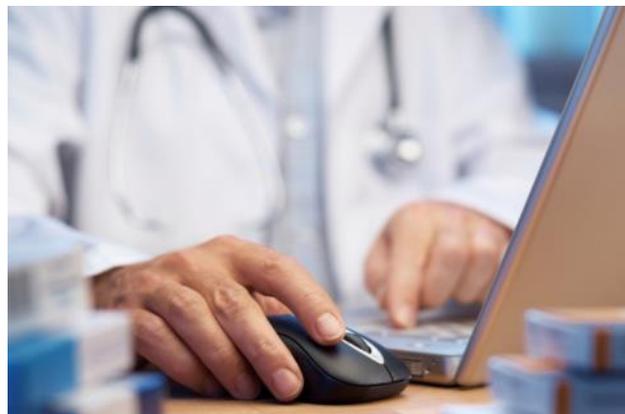
# Introduction

The UK health sector is currently grappling with the implications of a major transformation to the way care is commissioned, provided and regulated. Described as “the biggest revolution in the NHS since its foundation”<sup>1</sup>, the scale and depth of the change is such that the anticipated fully functioning state remains several years away. Organisations therefore face prolonged uncertainty before they can be sure of how their respective roles align with and contribute to the intended strategic goals for the sector.

The Health and Social Care Act 2012 lies at the heart of this change, impacting the vast majority of organisations in the sector. Since April 2013 many of the structures required to deliver the Act have been put in place, resulting in fragmentation of commissioning and provision models. Over two hundred Clinical Commissioning Groups have replaced the less numerous and now defunct Primary Care Trust Clusters. Their creation gives power to General Practitioners and other clinicians to guide commissioning decisions for patients.

In parallel, the liberalisation of the healthcare market presents an opportunity for private providers to compete with established NHS organisations to win contracts. The exposure of the sector to greater market forces has also triggered a change in the approach to its regulation. Regulatory bodies are now taking on more responsibility for monitoring the sustainability of providers, ensuring continuity of critical services, and managing the exit of failing organisations from the system.

Whilst these changes are ongoing, leaders across the sector can take stock of what is working, what they are struggling with, and what they still do not fully comprehend both across the sector and within their own organisations.



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<sup>1</sup> *The Daily Telegraph*, July 2010

# Our research

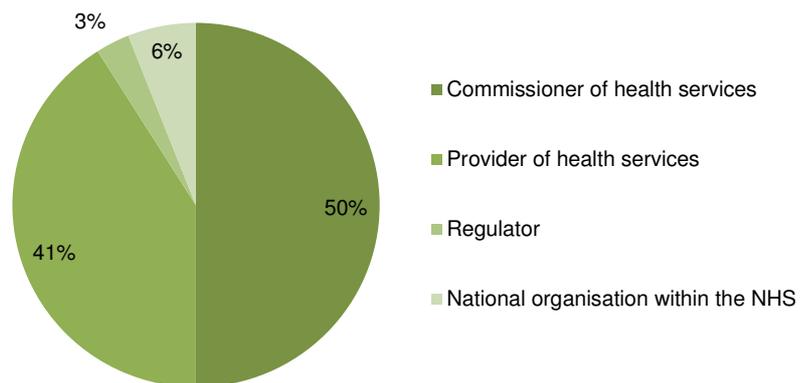
The Moorhouse **Fit for the future?** survey<sup>2</sup> provides the health sector view on:

- The relative success of the changes against the stated objectives;
- How well the sector and individual organisations are coping with the recent changes; and
- Lessons learnt that may help organisations to meet future challenges.

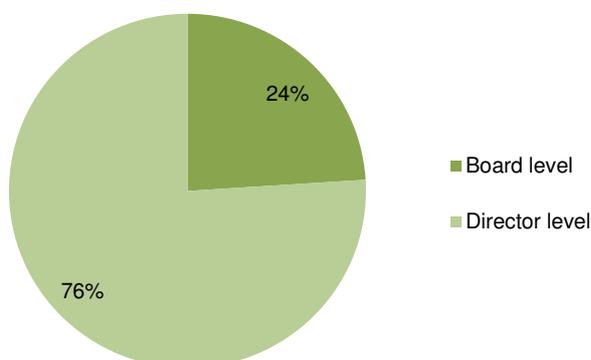
We commissioned a survey of 153 Board members and direct Board reports from across the health sector in England to understand their views on these changes. Participants came from across the sector, representing providers, commissioners and regulators, and were from both clinical and operational backgrounds.

## Survey sample

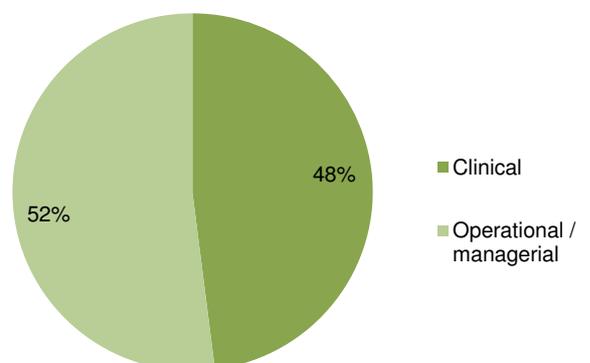
Type of organisation



Grade of respondents



Background of respondents



<sup>2</sup> Structured telephone interviews were carried out by Illuma Research of 153 directors and Board members across the health sector during July and August 2013



Untying a team knot

# What have we found?

The desired outcomes underpinning change in the health sector are:

- Promotion of patient-centred care;
- Bringing accountability for commissioning closer to patients;
- Improving healthcare outcomes; and
- Improving efficiency.

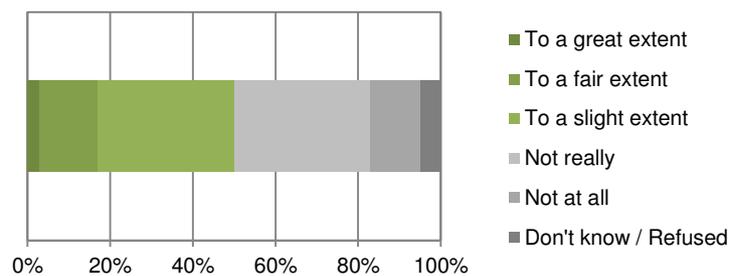
Respondents' organisational strategies reflect a diverse prioritisation of these desired outcomes, with improvement of patient choice and delivery of efficiencies accounting for the primary focus of more than half.



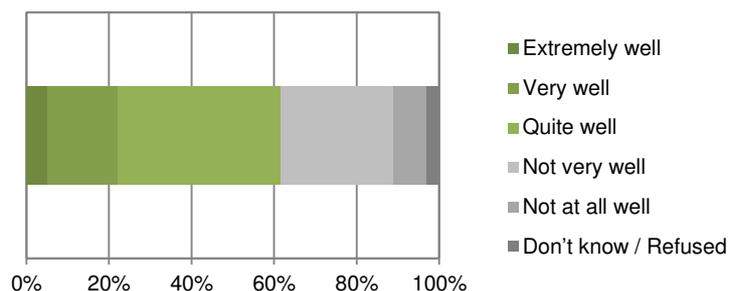
The survey findings suggest there is a broad consensus that **the sector's reorganisation has not sufficiently equipped its component organisations or their leaders to deliver the changes required to realise these desired outcomes**, or built the capability to respond to the further change that is required.

Of the 93% of respondents who indicated that their organisation had changed to some extent, over a third stated they thought the change had not been well implemented. Moreover, a third of senior leaders believe accountability for patient care has not improved. Fewer than 30% see the changes having a positive impact on delivering value-for-money, and in fact one in five believe this has actually deteriorated over the past year.

*Has accountability for patient care improved?*



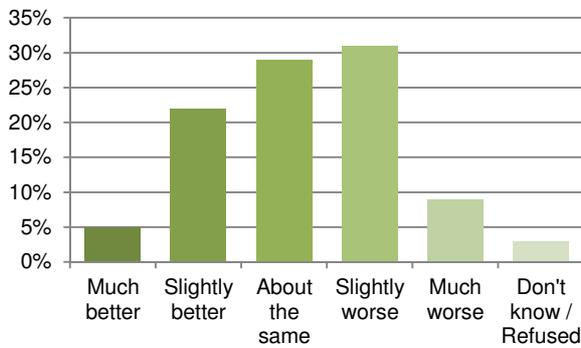
*How well have the changes been implemented over the last 12 months?*



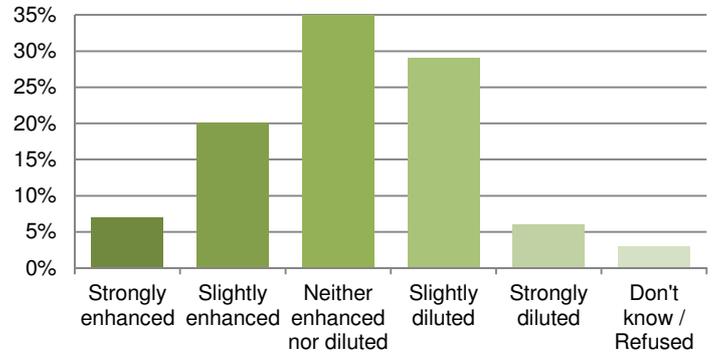
Less than **20%** have seen a real improvement in **accountability for patient care.**

Half of respondents believe that patient choice and satisfaction will deteriorate over the next 2-3 years and the opportunity to address this is severely constrained by the quality of leadership. Only 27% have seen any improvement in the overall leadership.

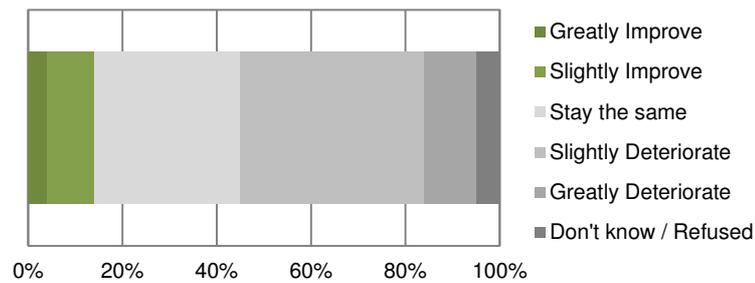
*Is the NHS better or worse equipped to deliver value-for-money and administration cost reductions?*



*Has quality of leadership been enhanced or diluted by changes?*



*Will patient satisfaction improve or deteriorate over the next 2-3 years?*



The challenge is only going to get bigger in the future, as demographic and economic trends continue to develop, with 90% acknowledging that in the future the NHS budget will not grow or be protected.

**By recognising these challenges now, leaders from across the sector can start to make immediate efforts to address them, and begin to build solid foundations which will form the basis of future effectiveness.**

**Emerging from the survey data, Moorhouse sees three main problem areas facing the sector.....**

# Issue one:

## The absence of a clearly communicated vision is creating a disconnect within and between organisations across the sector.

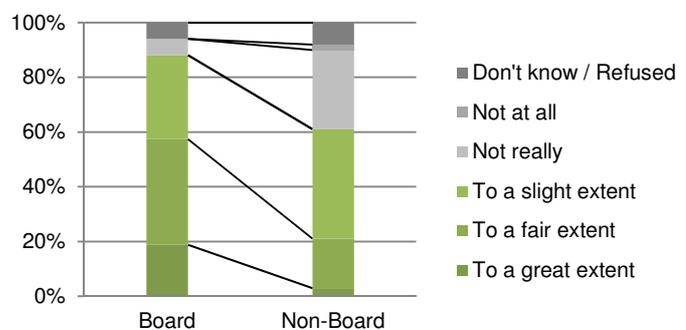
The survey revealed some issues around leadership both of the sector and within individual organisations. At a sector-level, there remains a need to develop a compelling and integrated vision to overcome the uncertainty around how the new system will work, and how separate organisations relate to the whole.

Meanwhile, organisations themselves need to invest time in bringing clarity to their purpose, and communicate this effectively amongst their staff and stakeholders. If these organisations remain unable to describe their role within the sector, they will not be able to translate strategy into action through coherent operating models.

Only **21%** of non-Board respondents believe there is a **clear vision** in place for their organisation.

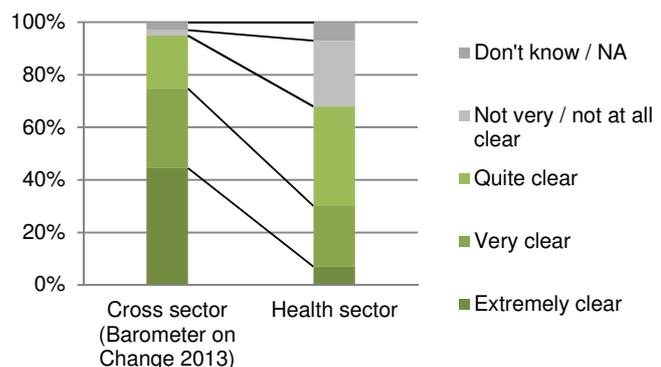
Only a quarter of senior leaders see a clear vision for their organisation over the next 3-5 years, indicating they are struggling to define their role within the restructured healthcare system. Given the complexity of the current changes, perhaps this is not wholly unsurprising, but it remains important to resolve. This observation is nuanced further by the comparison between Board and non-Board respondents – nearly 60% of the former claim there is a clear vision in place to at least some extent; this figure drops to 21% for the latter.

Is there a clear vision in place for your organisation for the next 3-5 years (Board vs non-Board)?



Of course, in such times of change these opinions are not entirely unexpected. However, when compared with those from Moorhouse's *2013 Barometer on Change*<sup>3</sup>, where almost 75% of respondents from other sectors indicated they were very clear or extremely clear of their organisation's medium term strategy, this finding is particularly bleak. Furthermore, the challenges are not going to be addressed without clear, coordinated and determined action, and as such this issue must be addressed.

How clear is your organisation's vision?



<sup>3</sup> The Moorhouse Barometer on Change 2013 researched more than 200 senior managers and directors in UK public and private sector organisations

The sector is seeking to respond to the absence of a vision. NHS England's *The NHS Belongs to the People: A Call to Action*<sup>4</sup>, seeks engagement with patients, clinicians, providers, commissioners and local communities to identify what are the most important priorities and how these can be delivered despite demographic and financial pressures.

A clear and coherent vision across the health sector is needed so that decision-makers within organisations can identify how their specific roles contribute to the whole. Without clarity on the roles and responsibilities of other organisations, this cannot be achieved. Reaching out to stakeholders, and understanding what the joined up future looks like is not an option; it is a necessity.

**Reaching out to stakeholders, and understanding what the joined up future looks like is not an option; it is a necessity.**

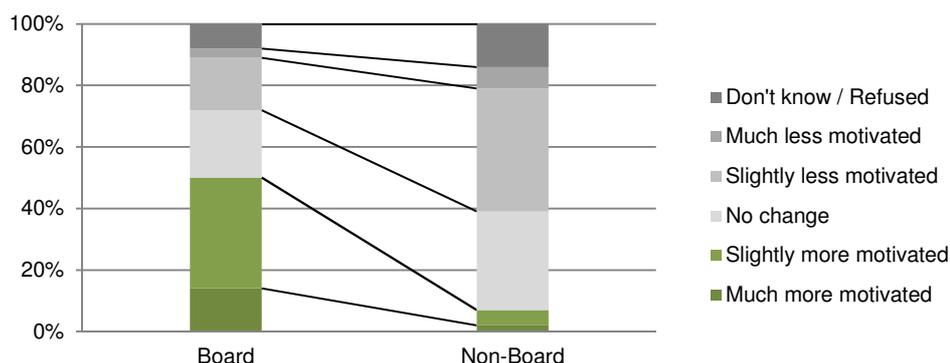
Only 34% of respondents felt their organisation's new role and purpose in the overall sector configuration was very well or extremely well defined internally.

The lack of clarity on the organisational vision is compounded by an additional challenge of poor onward communication of a vision to staff. Only 19% of leaders believe this communication has been achieved at least very well. Intriguingly, for Board level respondents this figure is 36%, whilst for non-Board it is only 15%. This suggests the former group is less in tune with what is happening at an operational level. In addition, it appears that non-Board members are struggling to convey their need for greater clarity to the Board.

**Only 7% of non-Board respondents feel more motivated than 12 months ago.**

For the non-Board group, the poor communication around vision has manifested itself in a motivational slump. 47% of non-Board respondents feel less motivated than they did 12 months ago, compared with 20% of Board respondents. In addition, whilst at Board level 94% of respondents believe their staff understand the organisation's purpose at least quite well, at non-Board level this figure shrinks to 64%. There appears to be a gap between what these different management layers believe is happening.

*Do you feel more or less motivated than 12 months ago?*



Therefore, it does not come as a surprise to learn that less than 50% of respondents believe their staff are coping with the amount and complexity of change to some extent. Once more, the difference between Board respondents (72%) and non-Board respondents (37%) speaks volumes, perhaps indicating an optimism bias amongst those whose role it is to define and communicate corporate strategy.

The cost of failing on this motivation challenge is potentially huge. Ultimately, it is the staff who will need to deliver the changes that can improve patient health outcomes, and organisations' reputations are dependent on their success.

<sup>4</sup> *The NHS Belongs to the People: A Call to Action* [http://www.england.nhs.uk/wp-content/uploads/2013/07/nhs\\_belongs.pdf](http://www.england.nhs.uk/wp-content/uploads/2013/07/nhs_belongs.pdf)

## Recommendation one

### **Create and communicate a compelling vision for your organisation so that management, staff and external stakeholders have a clear understanding of what is expected of them.**

Staff in organisations across the health sector must know where they are heading and how they will contribute to the sector's objectives. Effective communication is needed to galvanise staff into taking responsibility for the delivery of the strategy across all levels of the organisation. This means that the discrepancies between Board and Board-report responses in the survey must also be addressed.

Given the significant annual cost of change initiatives there is a pressing need to anchor change to a clear vision of the future to ensure these initiatives are genuinely beneficial. In parallel, the vision for change must be communicated effectively to partnering organisations which themselves are grappling with uncertainty.



# Issue two:

## Across the sector, change is not being managed effectively, risking failure in realising the transformation's intended benefits.

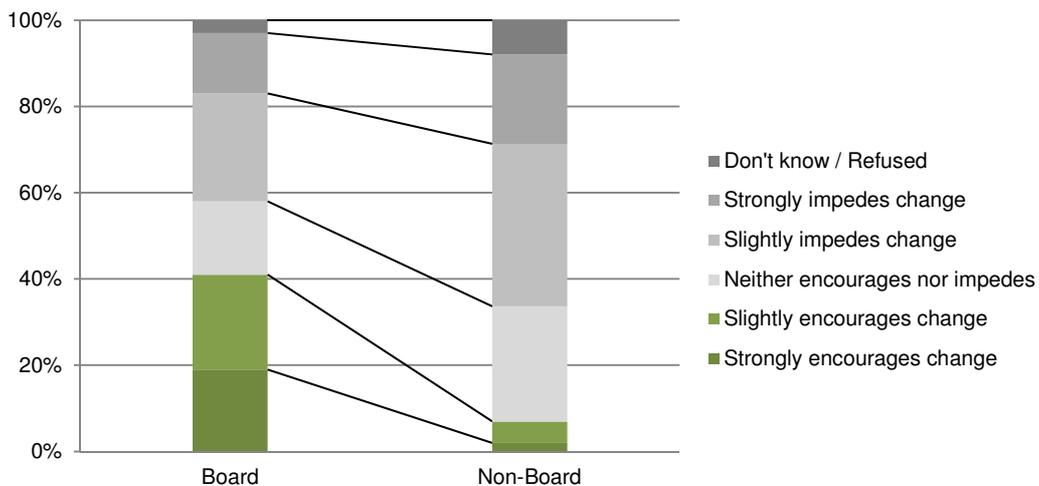
Where staff are not engaged, empowered and motivated to contribute to their organisation's transformation there will be a significant impact on the desired outcomes. Moreover, the capability to deliver change effectively should not be taken for granted, and it is false to assume that a mildly modified business-as-usual mindset will be sufficient to achieve this.

Only **15%** say the health sector's **culture** even slightly encourages change.

The health sector has undergone enormous change recently, but there is much more to come, with *The NHS Belongs to the People: A Call to Action* articulating the scale of the challenge which organisations face between now and 2020/21. This challenge will likely require significant changes to behaviours, working practices and culture across the sector.

Currently, the culture of many health sector organisations is not one that encourages or facilitates the scale of change required, and may even hinder innovation. Only 15% of respondents believe that the sector's culture even slightly encourages change. With this barrier in place, the obstacles the sector faces to do what is necessary over the coming years remain significant.

To what extent does NHS culture encourage or impede change?



The problem of a change-averse culture is felt to be more pressing at non-Board level than at Board level, although even at Board level the issue is recognised. 39% of Board members believe the culture of the sector encourages change, compared with only 7% of non-Board members.

Our *2013 Barometer on Change* suggests that more successful organisations in their respective sectors tend to classify themselves as having a “pro-change” culture; in addition, 31% of respondents to that survey placed change as one of their sector’s top three challenges over the coming years. In this context, “pro-change” means a recognition that change is not temporary, but rather a constant fact of life where being customer-facing, innovative and focused on realising efficiencies is at the heart of how organisations must operate to remain competitive and sustainable.

A culture that breeds motivation and confidence is critical for generating a belief that the sector can deliver, if not now then in the future; it is also vital to drive organisations themselves to work optimally. Change needs to be embedded in the DNA of organisations across the sector, since change initiatives are required to facilitate new ways of working and deliver the very strategies that are anticipated to come from *The NHS Belongs to the People: A Call to Action*.

## Capability must be developed to operate effectively in a fragmented sector.

The results of the survey reinforce the belief that the sector has become fragmented, and at the organisational level there is a need to build the capability to address this. What worked before is unlikely to work in the future. Accepting this to be the case is an important first step in addressing these competency gaps.

Respondents acknowledged a concern that they currently do not have the requisite skills to deliver their strategic objectives over the next 5-10 years. Only 28% are very confident that they currently possess the capability they need within their organisation to deliver the necessary change to achieve their strategic goals. This raises serious questions about how the sector will be able to make the bold, clinically-led modifications to how services are delivered, in the manner that is required to meet the challenges as set out in *The NHS Belongs to the People: A Call to Action*.

More than **two thirds** felt their **resources** were **not aligned** to delivering their **strategy**.

Even with a culture that supports change and a workforce with the right skills, staff must be deployed in a way that delivers the organisational priorities. This requires the leadership to be prepared to plan what their organisation will look like at different stages of its lifecycle.

More than two thirds of respondents believed their resources were not currently aligned to delivering their strategy. Almost half did not see their organisation as sufficiently agile to adjust the scope of these resources, hinting at infrastructure and cultural barriers.

### Recommendation two

## Promote an understanding in your organisation of why change is required, and ensure that the development of the capability to deliver it is hardwired into your resource planning.

Some aspects of organisational culture will have a greater impact on the ability to deal with change than others. Identifying these aspects should be a priority for leaders, who must also ensure they too buy into the culture. Focusing on how the organisation interacts with customers and reacts to challenges with innovative responses is a good place to start.

Additionally, an honest appraisal of what capability the organisation possesses, and where the gaps lie, is a prerequisite for empowering staff to engage with change successfully.



Supporting each other through coasteering

# Issue three:

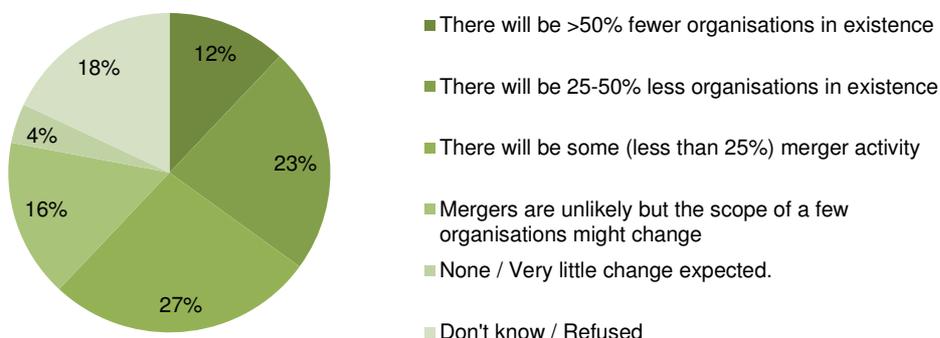
## Uncertainty around how to collaborate across the sector is diminishing organisations' ability to deliver joined up solutions to address the unprecedented challenges they face.

The issues highlighted throughout the survey require a sector-wide approach to resolve. If individual organisations are well run but sit within a failing health sector, they too will eventually fail (or their success will count for nothing). The need for integration is acknowledged by respondents, and yet the overarching impression is of a fragmented sector that lacks this collaboration. Alongside a clear vision, championed by senior leaders, and a culture and capability that enable effective delivery of change, the focus needs to be on how all parties can jointly develop innovative approaches to fix this fragmentation.

If individual organisations are well run but sit within a **failing** health sector, **they too will eventually fail.**

The cost of delivering change inadequately is not only simply financial or reputational – it could result in an organisation becoming unviable. We are already witnessing merger and acquisition activity within the sector, and this is expected to continue as inefficient organisations are absorbed into those that are more able to cope with the uncertain environment. For example, 15% of providers expect there to be a reduction of 50% or more in the number of commissioning organisations over the next 5 years, and 63% of commissioners feel the same.

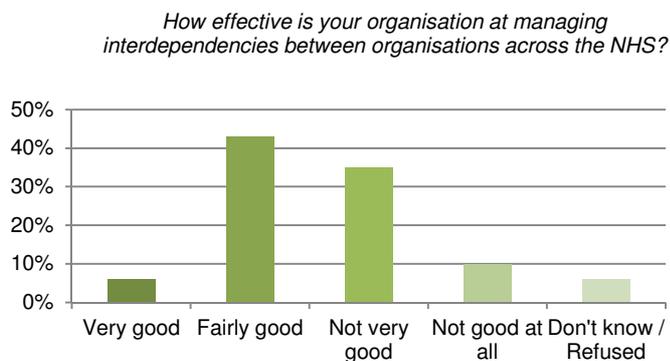
*In 5 years' time to what extent do you think the number of commissioning organisations will have changed as a result of M&A activity?*



The new regulatory regime has structures in place to ensure the continuity of specified services whilst allowing poorly performing providers to fail. This indicates a political desire to no longer support inefficient or ineffective organisations, and rather to encourage the expansion of those more capable of prospering.

Relationships between partner organisations across the sector have not yet been fully defined, and this is stifling collaborative working practices. The respondents are universal in their agreement that their organisations must work collaboratively in order to succeed. However, they also speak of a common lack of understanding of what this means in tangible terms.

As more private providers, charities, social enterprises and other bodies enter the sector, this already incoherent landscape will become even more difficult to navigate. Whilst respondents acknowledge that collaboration is required, the interdependencies between partner bodies remain poorly managed with 45% of respondents maintaining this is not done very effectively.



**45%** claim the **relationships** between their organisation and its partners across the sector are **poorly managed.**

It is evident from the results of the survey that there is a tension between various respondent groups. Commissioners often have different perspectives from providers; clinical staff contrast with operational colleagues; and Board diverge from non-Board leaders. Understanding these different groups' objectives is critical to achieving integration, and delivering collective success. It would be erroneous to assume that others are interpreting the sector's challenges in the same way. If the reasons for such divergence of opinions are not understood there is a clear risk of disjointed thinking.

## Collaboration must endure whilst the challenges remain

Mapping an organisation's relationships and articulating why they are important is a critical first step towards improving them. Only when this has been done can partners across the sector hope to manage them better, and agree a common understanding of roles and requirements.

The survey suggests that those organisations which are able to effectively manage their interdependencies with others tend to be more positive and motivated about the state of the healthcare sector, and are likely to have a clearer vision against which to deliver. In addition, organisations that are more confident in delivering their strategy are more likely to look for ways to innovate, rather than simply cutting costs.

Collaboration should be seen not as a momentary set of relationships that exist before returning to isolation. Like change, it is a state of mind that can be embraced, forming part of the fabric of an organisation, a consideration in every decision that is made.



## Invest time in developing and maintaining relationships with your partner organisations so you are able to work together effectively to address the many challenges that you cannot overcome alone.

With a clear vision and confidence in their delivery capability, organisations are more likely to be able to work together effectively, and this collaborative attitude needs to lie at the heart of the future health sector. In years to come the sector will look very different from how it did in the past, and organisations must reflect this in the relationships they develop with their partners.

# Conclusion

The health sector is going through a period of enormous flux, and many of the findings of our survey reflect that. The scale of the change means that there is much remaining to be done, and the new approaches will take time to bed in. However, the fact remains that these challenges are current, and the quicker they are resolved the sooner the desired benefits can begin to be realised, and the associated risks mitigated.

The Moorhouse **Fit for the future?** survey has highlighted some of the challenges encountered by senior leaders across the sector. This report summarises the analysis of the data emerging from the survey, and we have identified three main recommendations:

- Create and communicate a compelling vision for your organisation so that management, staff and external stakeholders have a clear understanding of what is expected of them.
- Promote an understanding in your organisation of why change is required, and ensure that the development of the capability to deliver it is hardwired in to your resource planning.
- Invest time in developing and maintaining relationships with your partner organisations so you are able to work together effectively to address the many challenges that you cannot overcome alone.

How these recommendations are prioritised depends on the particular circumstances of each organisation. However, it is hoped that this report's insight will be useful to leaders from across the sector as they endeavour to implement the necessary changes. With 23% of respondents believing it may take 1-2 years before the overall sector is operating effectively, and a further 28% thinking this may take 3-5 years, it is clear that the need to start addressing these challenges sooner rather than later is imperative.

We will survey the sector again in the future to obtain a further snapshot of how leaders feel their organisations have progressed, and what headway they have made in addressing the concerns they told us about in this survey.

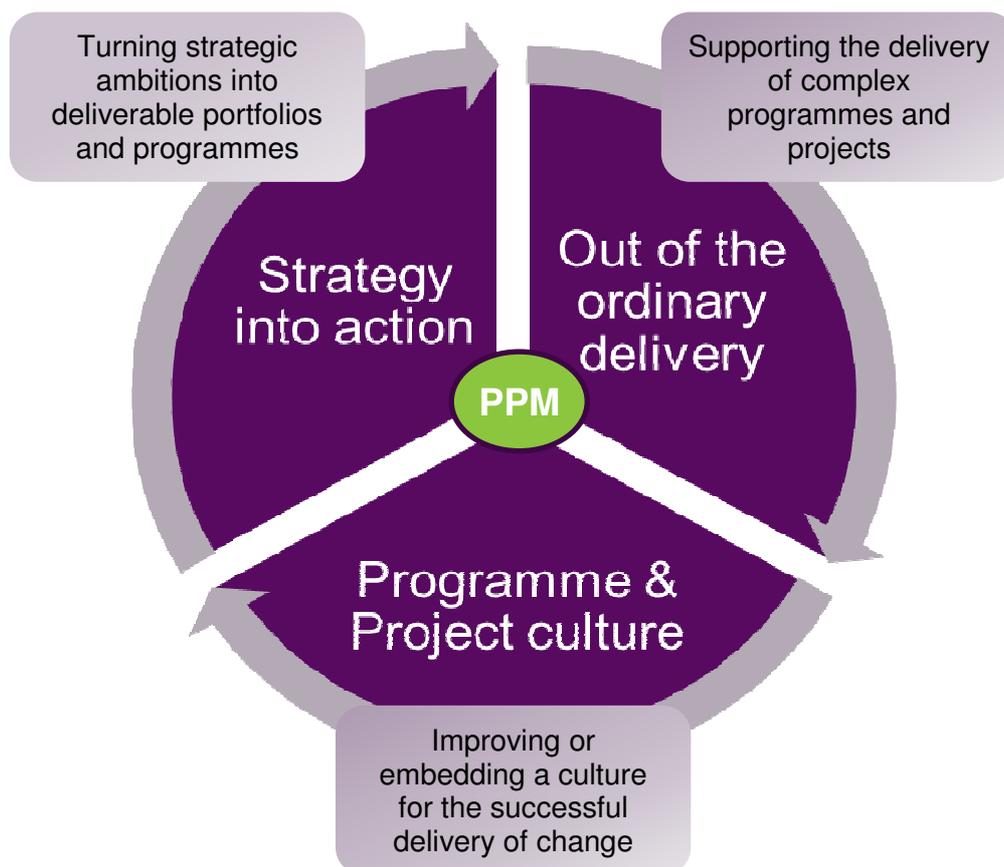


# About Moorhouse

Moorhouse helps organisations design and deliver successful transformation.

In today's complex environment, business leaders need to absorb information from multiple sources and changing channels whilst evaluating options, making decisions and delivering sustainable benefits. At Moorhouse, we ensure our clients effectively deliver their strategy by working with them to clarify and simplify direction, enhancing their organisations' capability through providing hands-on delivery expertise.

We make the complex simple.



Moorhouse helps clients to design and deliver complex programmes of change for themselves and their customers. Moorhouse is committed to sharing its knowledge and improving the quality of programme and project management in the UK. As part of this commitment, Moorhouse has produced several publications and articles which can be found at:

[www.moorhouseconsulting.com](http://www.moorhouseconsulting.com)

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