



Institute for the Study of Civil Society

## Risk, 'Equity and Excellence': A commentary on the NHS White Paper

**Sir David Varney, January 2011**

The NHS White Paper, *Equity and Excellence: Liberating the NHS*, is not a document for the faint-hearted. The scope of issues addressed, the scale of the reorganisations and the short timescale are extremely ambitious. In this piece I want to explore some of the issues that will need to be addressed in order to improve the chances of successful outcomes materialising.

I have had to be selective on the issue(s) I have chosen to focus on. My selection is based on my previous experience of large change programmes in the private, public and charity sectors – although almost any change programme is likely to look modest alongside the scale and scope of that currently proposed for the NHS. I choose the issue of risk management. This is because over the years that I have studied projects and programmes that have fallen short of expectations, in all cases there is a common thread: poorly executed risk management.

I start with an anecdote. I was sharing thoughts on risk management one evening with an Army Officer when he gave me a book entitled *On the Psychology of Military Incompetence* by Norman F. Dixon. The author advanced 15 characteristics of military incompetence:

- 1. An underestimation, sometimes bordering on the arrogant, of the enemy;**
- 2. An equating of war with sport;**
- 3. An inability to profit from past experience;**
- 4. A resistance to adopting and exploiting available technology and novel tactics;**
- 5. An aversion to reconnaissance, coupled with a dislike of intelligence (in both senses of the word);**
- 6. Great physical bravery but little moral courage;**
- 7. An apparent imperviousness by commanders to loss of life and human suffering amongst their rank and file, or (its converse) an irrational and incapacitating state of compassion;**
- 8. Passivity and indecisiveness in senior commanders;**
- 9. A tendency to lay the blame on others;**
- 10. A love of the frontal assault;**
- 11. A love of 'bull', smartness, precision and strict preservation of 'the military pecking order';**
- 12. A high regard for tradition and other aspects of conservatism;**

- 13. A lack of creativity, improvisation, inventiveness and open-mindedness;**
- 14. A tendency to eschew moderate tasks for tasks so difficult that failure might seem excusable;**
- 15. Procrastination.<sup>1</sup>**

I have found that characteristics 1, 3, 5, 6, 9, 10, 13, 14 and 15 are usually present in failed projects or programmes (relevant numbers are in bold for emphasis) – across the public, private and voluntary sectors. All are characteristics that suggest poor risk management; all are traps the implementation of the White Paper will need to avoid.

The crucial point is the White Paper does not focus on the potential risks the reforms create and how these risks might be mitigated. Instead, the document appears to believe that noble ends will suffice. It pays little attention to the history of NHS re-organisations, nor does it have much time for reflection on lessons learnt. There is, for example, no prologue in the White Paper summing up this learning. Being the key document describing reform, and setting the tone for it, the absence of a robust risk management framework in the White Paper is a serious shortcoming.

Let me give three examples of where addressing risks might enhance chances of success (and where a failure to address them will enhance the chances of failure): the move to foundation trusts; the impact of culture; and the impact of the productivity imperative facing the NHS.

### ***Foundation trusts***

First, the White Paper states that all NHS trusts will become foundation trusts by 2013/14 (i.e. within three to four years). Whatever the benefits in this model, necessarily I am influenced by my recent experiences at Barking, Havering and Redbridge University Hospitals NHS Trust, where I was chair for six months. For all NHS trusts to become foundation trusts in the prescribed timescale there will have to be major changes in behaviour, and a much greater understanding of core business. As the Francis report on Mid Staffordshire NHS Foundation Trust states:

*Any Trust in which there has been serious organisational issues for a sustained period will be more difficult to turn round than one where there are isolated difficulties of recent origin. Long term rehabilitation, denial, lack of engagement and commitment and weak leadership, among other difficulties are hard to change.<sup>2</sup>*

If the solution is not forthcoming from within NHS trusts, risk abounds with other options given in the White Paper. If NHS trusts that cannot meet the prerequisites for foundation trusts status are instead converted to FT status through mergers (as is envisaged by the government) then the success record of mergers will need to be much better than that found in the private sector – and the history of the NHS.

## **Culture**

The second, and related, issue I want to address is cultural change. The White Paper's executive summary ends with the statement: 'This is a challenging and far-reaching set of reforms which will drive cultural change in the NHS'. There are circumstances where structural reforms can drive cultural change, but in my experience they tend to be in organisations that have a clear authority structure and confront issues that are amenable to known technical solutions. Almost all benchmark-driven change programmes in the private sector have these characteristics. It is much less common to observe structural reform driving culture change when problems are apparently intractable across many organisations, institutional barriers exist (even within organisations) and authority is diffuse – as in the NHS. In these circumstances, cultures in fact can be powerful shapers of intended reforms. Indeed, in the last 20 years, I have more often seen existing cultures undermining structural reform, than supporting them or being influenced by them; the privatised utility sector is a canonical example. The risk of this happening in the NHS with the reforms proposed is not assessed by the White Paper.

If the risk were assessed, I suggest the Government would realise that means other than structural change tend to be more effective in changing cultures, such as seeking to mobilise and engage colleagues to learn from 'positive deviants' who are delivering superior outcomes today. This has been my experience in HMRC and British Gas. An example from the world of health care is provided by Richard Pascale, Jerry Sternin and Monique Sternin in their recent book *The Power of Positive Deviance*, where they describe the curtailing of MRSA at the Veterans Administration Hospital in Pittsburgh, Pennsylvania using the positive deviance approach. The authors describe how the Centre for Disease Control liaison doctor moved from sceptic to convert as the programme delivered extraordinary results. He is quoted as follows: 'CDC has developed incontestable evidence-based protocols to eliminate MRSA, we issue them, reissue them and publicise and disseminate them'.<sup>3</sup> But it has taken positive deviance to get people to actually act on them.

If risks are to be managed around the proposed NHS reforms, many of the reforms will need to be rolled out from test sites – requiring the redesigning of programmes which do not just provide the standard CDC routine of publish, reissue, publicise and disseminate.

## **Productivity**

The third issue I want to address is the productivity challenge facing the NHS. The White Paper states that the NHS will need to achieve unprecedented efficiency gains: £20 billion of savings by 2014 and a reduction of more than 45 per cent in NHS management costs over the next four years. The elimination of PCTs and SHAs are part of this agenda. But the elimination of such commissioning organisations at a time when the NHS is required to meet such efficiency savings

represents a significant risk that has not been properly assessed. I doubt, for one, that there is any real quantification of the implications of the productivity ambitions. These ambitions are certainly greater than the private sector has delivered on a sustained basis.<sup>a</sup> A particular danger is that short-term gains are made at the expense of longer term ones. There is no perfect answer to ensure the right balance is achieved. However, we need to be clear that while the early stages of the productivity challenge can focus on the low hanging fruit, as this fruit is delivered, driving productivity will become progressively harder and require much more learning and innovation. Approaches like LEAN, for example, will need to be routinely utilised across the NHS, not just in islands of excellence. I feel that appointing future leaders to current roles can help in achieving this and get the balance between short- and long-term right. Results were achieved in my time at HMRC when we appointed future leaders to leadership roles in the current organisation, because future leaders had to live with the longer term consequences of their decisions. But it is no easy task: the productivity imperative facing the NHS is exceptional.

When all risks are placed together, I am left with the feeling that for the White Paper to deliver as promised would constitute something of a modern miracle. As Peter Drucker once observed: 'the trouble with miracles is not, after all, that they happen rarely; it is that one cannot rely on them'.<sup>4</sup>

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<sup>1</sup> Dixon, N., *On the Psychology of Military Incompetence*, London: Pimlico, 1994.

<sup>2</sup> Francis, R., *Independent Inquiry into care provided by Mid Staffordshire NHS Foundation Trust January 2005 – March 2009*, Volume I, London: TSO, 2010, p.397.

<sup>3</sup> Pascale, R., Sternin, J., and Sternin, M., *The Power of Positive Deviance: How Unlikely Innovators Solve the World's Toughest Problems*, Cambridge (MA): Harvard Business School Press, 2010, ch.4.

<sup>4</sup> Drucker, P. (ed.), *The Effective Executive*, Oxford: Elsevier Ltd., 2007, p.125.

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<sup>a</sup> The King's Fund recently estimated that, based on current projections for spending and demand, the NHS will need to find 3-4 per cent of productivity improvements between now and 2010/11 and 2013/14 to meet the required £20 billion efficiency savings. On average, productivity increased across private sector industry by 2.3 per cent p.a. over the past decade. According to the Office for National Statistics, NHS productivity declined by 0.4 per cent per annum between 2001 and 2008.