

# Lessons learned: setting up for success

Experiences of the 'pathfinder' corporate services projects

**Corporate services productivity programme**

June 2018

# Introduction (1/2)

Methods of delivering corporate services in the NHS have changed little in the last 20 years compared to other sectors. This limited modernisation coupled with the variation in delivery methods, and therefore outcomes, contributed to NHS provider trusts spending £4 billion on corporate services in 2016/17.

Lord Carter's review, *Operational productivity and performance in English NHS acute hospitals: Unwarranted variations*, published in 2016, investigated whether the NHS gets the best value (defined as the product of quality of care and the efficiency with which it is delivered) from its annual budget. It concluded that the NHS could save £5 billion a year if it addressed the significant and unwarranted costs and clinical practice variations.

The report recommended that trusts should rationalise their corporate functions to use resources in the most cost-effective manner; the Secretary of State for Health accepted all the report's recommendations in March 2016.

From talking to function leadership groups (eg Future Focused Finance), trust directors and heads of corporate services functions, we found they agree that the way corporate services are delivered needs to change to benefit from modernisation.

They recognise that this means taking advantage of available economies of scope and scale. Most are asking for the direction and future operating model to be carefully guided on their behalf and for the system-wide obstacles to be removed centrally. This gives them the opportunity to deliver and receive quality services in line with national expectations and direction.

A collaborative delivery model has inherent challenges for trusts, which include forming the desired operating model and the governance to manage it. These changes need to happen at a time of constraints on capital and internal resources. We have designed this toolkit to help.

We compiled this guidance using subject matter expertise and feedback from trusts that have been through the process. We will update it regularly to reflect new information.

# Introduction (2/2)

This guide provides practical guidance on setting up for success, based on what pathfinders have learned. The document covers:

- the need to capture lessons learned
- factors relating to success for:
  - effective governance
  - defining design principles
  - getting resources in place
  - creating a robust baseline.
- a checklist for mobilisation.

## Useful resources

Please refer to:

- *Governing a corporate services redesign project*
- *Memorandum of understanding guidance*
- *Purpose and design principles*
- *Considerations for creating a baseline position*

# The need to capture lessons learned

## What's the purpose of the document?

- To capture what distinguishes a successful project from an unsuccessful one. While many of these factors reflect recognised good practice in business change generally, we have sought to identify those that are particularly relevant to redesigning corporate services in the NHS.

## Why capture these lessons?

- To repeat things that have gone well.
- To avoid things that have not gone as well.
- To identify things that should be done differently.
- To document outcomes and the reasons for them.
- To influence the strategy and the recommendations that are made.

## Who is this document for?

- Directors, heads of service and people in corporate services or transformation teams who are involved in redesigning corporate service functions – whether this is within one organisation or across multiple organisations.

## Why is corporate services transformation challenging?

- The functions themselves are complex – a trust may have seven functions, typically with five to 10 sub-functions.
- Existing sourcing or IT arrangements are difficult to unpick and can impact multiple areas of the business at the same time.
- Systems implementation can be lengthy and involve process mapping and retraining of users.
- It takes time for the new ways of working to be embedded and for teams to work as one.
- People may need to leave the organisation, which can involve lengthy consultations.

**Lessons learned are described on the following pages. Where relevant, real-life examples are given.**

# Effective governance

It is essential to establish governance arrangements that support making the 'right' decision for all the trusts involved.

For example:

- A memorandum of understanding to empower a collective board, eg a sustainability and transformation partnership (STP) board, to make decisions on behalf of the respective trust boards.
- A gain share approach (a way of sharing risk and working collaboratively to achieve savings) to incentivise all parties.
- Define a clear route to decision-making.
- Design principles, developed and agreed by all parties, to test all decisions against.

**Without these arrangements pathfinders' progress stalled and in some cases unwound.**

## **Things that went well:**

[Project A] benefitted from strong and visible leadership from the chief executive. Decision-making was simplified with the appointment of a single director of finance covering all the trusts in the STP. Support from NHS Improvement and external legal advice was sought on the form of collaboration.

## **Things that went less well:**

In contrast, for projects with no overall decision-maker, each trust evaluated what the cost/benefit of each option would be for them in the short/medium-term, not against a collective goal. No clear framework for sharing costs and benefits was articulated at the outset, leading to uncertainty and an 'every person for themselves' approach to options evaluation.

# Defining design principles

Design principles should be agreed upfront and used to focus decisions and evaluate alternatives.

- Agree the purpose of the corporate function(s) in scope – this provides a clear point of reference for the future of the service(s) and ensures the project aligns with overall organisational priorities.
- Design principles should be criteria that guide choice between operating model options, not just a set of high-level ambitions.
- Get external advice from someone who can safely challenge whether the principles are the right ones and sufficiently ambitious – that is, they do not serve to protect the status quo.
- Without design principles, the service designs are driven by functional or personal preferences, not organisational or collective priorities.

! Tip: Design principles should not be so obvious that they apply to every possible solution or so obscure that they apply to none.

For example, ‘the human resources team will deliver high quality advice to all staff’ – you wouldn’t design a function to deliver bad advice. And as you want good advice to be provided no matter what the operating model is, this principle doesn’t help you choose between options.

Instead, consider ‘advice is provided by a self-service model, wherever possible’ or ‘for complex employee relations issues, all advice provided is bespoke to the individual case’.

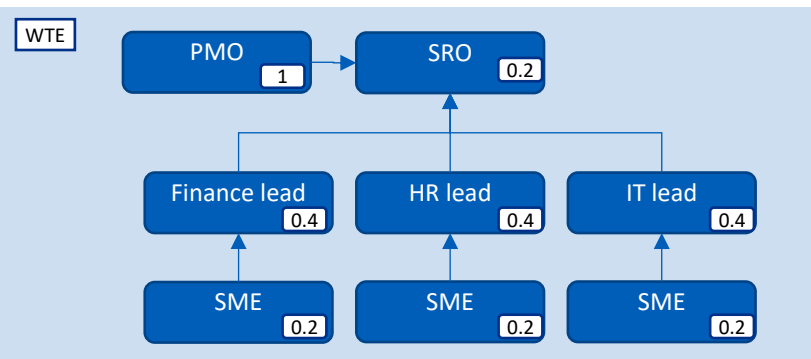
# Resources

Sufficient team time needs to be freed up from the start to prevent project delays.

- Clear sponsorship is needed from the highest levels – where this was seen in the pathfinder projects, discretionary time from senior teams was made available to support the project.
- Continuity through the project is really important – momentum can quickly be lost through changes in personnel, particularly among those in leadership or project roles.
- Corporate services transformation projects can be major undertakings and need resourcing appropriately. The timing of external input needs to align with internal solution development.

The required resources depend on the scope, ambition and complexity of the change; however, for a design phase (~8 to 10 weeks) you would typically expect the level of committed resource to be:

- one day a week from the sponsor/senior responsible officer (SRO)
- a programme or project manager (PMO) working full-time (can be less if the project covers a single service)
- functional leads can dedicate up to two days a week
- additional team members and subject matter experts (SMEs) to be available for workshops.



# Creating a robust baseline

A robust baseline provides a solid foundation for the business case for proposed changes. An effective business case can't be created if the base assumptions are moving around.

A robust baseline should include current data on:

- budgets for each function in scope
- whole-time equivalents (WTEs) for each function
- business volumes for each function
- performance levels for each function
- operating models and organisational structures.

## **Things that went well:**

Using internal trust data and leveraging the national corporate services benchmarking activity.

## **Things that went less well:**

The cost baseline was found to be better than the service baseline. In general, because in-house provision is not considered a service, it was difficult to identify what the in-house service being provided is, and the relevant key performance indicators (KPIs) and service standards. Therefore, the expectations for future performance need to be managed in line with current performance.



# Getting started – readiness checklist

The following questions can help to assess how ready and aligned organisations are for the start of a change programme across a STP or other collaborative arrangement.

- What direction has been articulated by the executive board?
- Who will take decisions?
- How will the programme be resourced to ensure it has the right level of capabilities?
- What sourcing arrangements are in place?
- Have all functions confirmed which services, processes and systems will be in scope for the next phase?
- Is there a consolidated view on current STP location data?
- Is there a clear understanding of existing constraints and risks from local and national agreements?
- Is there a clear plan and are there any dependencies with parallel projects?
- What are the activities and timelines for the next stage?
- How engaged are the key stakeholders with the programme?

## Recommended 'must haves':

- mandate from executive board
- scope agreed
- SROs appointed and resources secured for next stage
- case for change – benefit opportunity
- current sourcing set-up – delivery models per function
- governance agreed
- plan and timelines for next stage
- STPs location data
- understanding of local and national labour agreements
- list of existing parallel projects.

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