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Welcome to the IPA e-bulletin. Though apparently very different in nature, the crises at Mid Staffs hospital and Barclays Bank had some common themes. In this edition I look at the lessons of the failures and show that robust employee engagement can be a bulwark against such disasters. We've got a great article from OPM on their efforts to engage employees in decision-making in the public sector and we hear from Sarah Veale of the TUC ahead of this year's Congress. If that wasn't enough, we've got news of two great events and a new Chair at the IPA.

All the best,
Nita Clarke OBE Director

Employee engagement – what can Salz and Francis tell us?

Engagement is not just good for performance; it can also prevent organisational crises. Here, Nita Clarke examines the lessons of the Francis Report into Mid Staffs Hospital and the Salz Report into Barclays Bank. In both cases poor leadership, the absence of a strategic narrative and a weak employee voice were part of the culture that led to the crises in each organisation.

Employee engagement has never had a greater salience – or resonance - than today. In particular there is increasing awareness about the devastating impact that dysfunctional cultures, characterised by disengagement, can have on organisations.

In the past few months there have been two major reports into prominent organisational failures – the Salz Report into Barclays Bank, and the Francis Report into Mid-Staffs Hospital.

The parallels in the disengaged cultures that lie at the heart of these ground-breaking reports are instructive. So are the similarities in the prescriptions for putting things right, both of which put engaging employees at their heart.

Three parallels stand out in particular. Both organisations lost sight of their strategic priorities or underlying narrative. Both lost touch with the fundamental underpinning of integrity. And both became distant from their front-line employees and their voice.

The Salz Report identified the challenge upfront: 'across the whole bank, there were no clearly articulated and understood shared values.' This meant there was no consensus across the organisation to guide decisions and behaviours and no 'no consistency to the development of a desired culture [which]... left a cultural ambiguity at the heart of the bank.'

The bank clearly had a set of values in theory, although few people – including the then chief executive Bob Diamond – could articulate them. This failure to match behaviours to values which the bank supposedly espoused exposed the vacuum at the heart of the organisation.

Mid-staffs hospital subscribed – in theory – to the strong statement of values incorporated in the NHS Constitution. But few attempts were made to make these live – and again an insidious culture filled the vacuum.

Robert Francis, author of the report on the crisis to the Secretary of State concluded that the failure was primarily due to the failings of the Trust Board. He found the culture within the Trust. '

was not conducive to providing good care for patients or providing a supportive working environment for staff; there was an atmosphere of fear of adverse repercussions; a high priority was placed on the achievement of targets; the consultant body largely dissociated itself from management; there was low morale amongst staff; there was a lack of openness and an acceptance of poor standards.'

Significant elements of the trust's culture included: bullying, target driven priorities, disengagement from management, low staff morale, isolation, lack of candour,

acceptance of poor behaviours, reliance on external assessments, denial.

Both reports identify issues of inadequate governance and behaviours by the senior leaders and the board: 'the board sets the tone from the top of the organisation and must carry ultimate responsibility for its values, culture and business practice. With hindsight we believe that the Barclays Board did not give sufficient attention to this area' (Salz).

'There was a lack of urgency in the Board's approach to some problems, such as those in governance; statistics and reports were preferred to patient experience data, with a focus on systems, not outcomes; there was a lack of internal and external transparency regarding the problems that existed at the Trust (Francis).

Francis quotes a senior clinician who describes 'an instinctive defensiveness where openness and frankness were clearly required... The experience of staff who have raised concerns about colleagues suggests



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that Trust management appeared more concerned to protect the subject of the concerns rather than the informant.’

There was a similar fail to address concerns when they were raised at Barclays. Salz identified ‘a sense that senior management did not want to hear bad news and that employees should be capable of solving problems. This contributes to a reluctance to escalate issues of concern.’

As a result the role of leadership in embedding the changed priorities is now key. ‘The senior leadership team should be responsible for demonstrating and promoting these high standards’ (Salz).

‘The common culture and values of the NHS must be applied at all levels of the organisation, but of particular importance is the example set by leaders’ (Francis).

Both reports also identify the toxic consequences of the gap between outputs actually valued by leaders – short term financial performance at Barclays and targets and finances at Mid Staffs - and the theoretical values of the organisation. Francis found that management thinking was ‘dominated by financial pressures and achieving FT status, to the detriment of quality of care.’ Salz found that the culture at Barclays had ‘tended to favour transactions over relationships, the short term over sustainability and financial over other business purposes’ (Salz).

Consequently, articulating the appropriate values, and living by them, is seen as a

priority. The Salz report emphasises that the newly articulated values of the bank must be explained to and understood by employees and potential recruits, and consistently translated into everyday behaviours. ‘The bank should set out clear plans for achieving cultural change and monitor and report publicly with progress on implementation.’

This approach is mirrored by three of Francis’s priorities: emphasis on and commitment to common values throughout the system by all within it; readily accessible fundamental standards and means of compliance; no tolerance of non-compliance and the rigorous policing of fundamental standards.

For both authors, improving employee engagement – particularly through listening to employees’ voices, and re-establishing trust based on authentic leadership and openness - lies at the heart of moving away from these dysfunctional cultures. Francis emphasises the need for ‘transparency, openness and candour’; echoed in Salz’s imperative: ‘the bank must improve its openness and transparency. ...It involves better listening. Barclays should foster a culture where employees feel that escalating issues is safe and valued.’

Above all, employees need to be actively engaged in embedding the new culture, with ‘frequent discussion on its chosen values among all staff focussing on understanding potential conflicts and how to address them.’ Senior staff should engage in this process and show their commitment to it.

The reverberations of these reports continue. Following the publication of the Francis Report, Sir Bruce Keogh, in his report on hospitals giving cause for concern post Mid-staffs, was crystal clear about the central importance of re-engaging staff.

One of his eight ambitions for national action is that all NHS organisations understand the importance of having happy engaged staff and ‘will be making this a key part of their quality improvement strategy.’

Anthony Jenkins, the incoming chief executive of Barclays told staff earlier this year: ‘There might be some who don’t feel they can fully buy into an approach which so squarely links performance with the upholding of our values. My message to those people is simple: Barclays is not the place for you.’

Taken together, these two reports lay bare the consequences of dysfunctional cultures – on outcomes and on reputation.

Few chief executives could read them without at least a slight shudder of recognition. But now that these analyses – and the prescriptions – have been published, no-one will have the slightest excuse for not looking at the notes in their own eyes. We have all been put on notice as a result of these two remarkable reports – and hopefully nothing will ever be the same again.

Nita Clarke OBE is Director of the IPA



Viewpoint

Empowering front-line workers to engage in decision-making

Public services will have to transform if they are to meet demand in these austere times. Front-line staff can play a key role in this – using their experience and expertise to guide decision-making and deliver innovation. In this article, Dr Chih Hoong Sin of OPM introduces their new Economic Assessment Tool which aims to engage staff in decision-making.

An ageing population, changes in lifestyles and global financial pressures mean that our public services are undergoing dramatic changes. We need a clearer understanding of the social and economic value of various public services set against the actual financial costs invested.

Against the context of austerity, there is a risk that funding decisions are made on the basis of ‘lowest cost’ rather than by ‘added value’. There is a real danger that we start conflating ‘cuts’ with ‘savings’. Unfortunately, while the public services workforce

play a key role in meeting the quality and efficiency challenges and often experience the impact of austerity measures first hand, they are routinely excluded from resourcing decision-making processes.

In the health sector, innovations designed and implemented by the workforce are estimated to have a value of £9 billion per year in the UK. The workforce’s ability to realise efficiency savings, however, is compromised by processes and structures that prevent them from developing ownership over the decision-

making process. Members of the frontline workforce often do not perceive the task of assessing efficiency and value for money as part of their 'day job'.

The risk of leaving 'the evidence business' solely to others is that the workforce will have to live with the consequences of those figures that they did not have a stake in producing, and which they may not even understand fully. Quality and efficiency drives that are workforce-led are more likely to improve patient experience and health outcomes, and are more likely to be influential and sustainable.

To empower the health service workforce to understand how they can contribute to realising greater efficiencies while maintaining high quality care, the Office for Public Management (OPM) designed a programme of training and support in the use of a bespoke and accessible Economic Assessment Tool (EAT). The EAT, itself, was co-developed in 2010 with input from frontline health service staff, and is built on the improvement discipline. With funding from the Burdett Trust for Nursing and with support from the Royal College of Nursing (RCN), this programme is being delivered over a two-year period from January 2012 to cohorts of nurses in Scotland, Wales and Northern Ireland.

This programme trains and supports members of the workforce to be able to produce economic assessments of actual services or interventions, with 'light touch' support from OPM and RCN colleagues. They can then use the evidence to identify where additional savings can be made while maintaining high quality

services. Participants become part of an emerging 'community of practice', with mentoring and peer support commonplace.

Ongoing evaluation found that all nurses who had completed the training reported acquiring new skills and developing in confidence to conduct economic assessments. Crucially, they are convinced that understanding the economics underpinning their services is key to knowing what they can do to continuously transform care. In fact, many have started using the evidence to improve their own practice while others have mobilised other colleagues to transform services, with tangible benefits for the wider healthcare system and for patients and service users. By investing in the workforce to help them acquire the necessary skills, the programme can help unleash the potential of the workforce to contribute proactively to the quality and efficiency agenda by demonstrating where real efficiency savings are being and can be made which, if scaled up, could make a significant contribution to the national agenda.



Dr Chih Hoong Sin

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Case study – Improving performance and driving efficiency at NHS Tayside

Prior to undergoing the programme delivered by OPM and the RCN, I did not think I would ever be able to conduct economic assessments. I was motivated to participate because I think nursing staff should be considered as key partners when considering any service delivery, planning resources and maximising value and outcomes.

Using the skills I picked up from the programme, and drawing on the support from tutors, I was able to produce an economic assessment output that showed in a compelling way that my service helped reduce both hospital admission rates and lengths of stay per admission. It also reduced demands on other professionals' time. Monetised efficiency gains amounted to £454,928 per year, representing a return on investment of £489 per patient per year. More importantly, I was able to make recommendations for how we can increase efficiencies by

improving patient referral thus improving access, reducing patient symptom burden and ultimately reducing unnecessary admissions further. The evidence and recommendations supported potential further savings, and hence managerial interest.

Taking part in the programme has given me a heightened sense of empowerment. With my assessment having discernible and positive impact, it has enabled myself and other nurse colleagues to feel that we can play a vital role in influencing commissioning and funding decisions, and that the evidence can be used to improve services and increase efficiency.

Jill Nicholls is a Heart Failure Specialist Nurse in the Heart Failure Nurse Liaison Service, NHS Tayside.

Engaging with your Employees: Employee Voice Masterclass

We're delighted to invite you to a one-day masterclass on Employee Voice. The event will examine the evidence of the impact of employee voice on engagement and organisational success. We will also hear from organisations that have used employee voice to deliver real benefits.

The event will be on **28th November from 9:30 - 16:00** in Westminster and costs £95 per delegate (excl VAT).

For more information, check out the events page of the IPA website or contact sarah.dawson@ipa-involve.com



Controversy over 'zero-hours' contracting grows

There is a growing storm over the use of 'zero-hours' contracts with the first strike and first employment tribunal over the issue.

Zero-hours contracts offer employees no guaranteed number of hours. The use of such contracts is on the rise with CIPD estimating that some one million workers are employed in this way. This is far higher than the ONS estimate which is widely regarded as hopelessly inaccurate.

The first strike in the UK on zero-hours contracts began recently at the bakers Hovis in Wigan. Three week-long stoppages are planned in the dispute between the Bakers Food and allied Workers Union and Premier Foods who own Hovis. The argument is centred on the introduction of agency staff on zero-hours contracts following the dismissal of 30 permanent employees earlier this year.

This comes against the context of growing concern over the controversial contracts. The Government have recently announced a review of the use of the contracts while unions and others are calling for them to be restricted or banned outright. There is also an on-going legal challenge to the practice. A Sports Direct employee has taken her employer to tribunal, supported by 38 Degrees, claiming that the use of the contracts in effect represents discrimination against part time workers.

Critics argue that the contracts – found largely in the care sector, retail and services – are exploitative and that they don't provide security or a reliable income for workers. However, advocates for the practice claim that they offer flexibility both for employers to manage variations in demand and for employees to manage work around other commitments. Some also claim they can act as a stepping-stone for young people and the unemployed to get into more stable employment.

Shares for rights scheme goes live

The Coalition's highly controversial 'shares for rights' scheme has come into effect as of this week. However, given the lack of evident enthusiasm for the measure, it is unclear whether it will have much of an impact.

Under the scheme, employees are able to gain shares in their organisation in return for giving up some of their employment rights. The deal could see them forfeit rights to protection from unfair dismissal, flexible working and redundancy in order to receive up to £50,000 worth in shares in return.

The legislation struggled through Parliament, twice being rejected by the Lords before finally passing. From its inception the measures inspired widespread opposition from the Labour party, trade unions and the employee ownership movement.

Employers seem luke-warm to the proposals. Pannone, a law firm, recently found in a survey that only 2% of businesses would consider introducing rights for shares and The British Chamber of Commerce have not received a single enquiry into using the measure.

Pay again becomes the main cause of industrial disputes



Data released recently by the ONS has shown that pay has again become the main cause of industrial disputes.

In each year from 2003 until 2008, pay was the main cause of industrial disputes. However, with the onset of the recession following the financial crisis, the number of disputes relating to redundancies surged massively, accounting for almost 90% of incidents in 2010.

The last two years have seen the passing of the immediate crisis but a continued and prolonged squeeze on real wages. This has meant that for the last two years, pay has again become the primary cause of industrial disputes.

The number of days lost to industrial action has also stabilised. Following a peak of 1.4 million in 2011, the number has fallen back to just 250,000 in 2012.