

WORKFORCE RISKS AND OPPORTUNITIES: THE ROLE OF THE NON EXECUTIVE



Report

Summary

NHS Providers ran sessions at its four national Non-Executive Director (NED) Networks in late 2015, with a focus on workforce and organisation development¹ (OD). The sessions were well received, and a wide number of broadly consistent themes discussed.

The NHS Five Year Forward View, published in October 2014, points the way for a new approach to the NHS workforce. Workforce represents the biggest area of NHS provider trusts' budget spend, between 60% and 85%, and is also one of the biggest sources of challenge at both strategic and operational level. Currently around 1.2m people work in the NHS in England as a whole, and a further 1.6m in social care. The King's Fund estimates that together this makes up 1 in 10 of the working population.

The events provided a facilitated environment for discussion. NEDs were able to share and build understanding of the current challenges and root causes, as well as discuss new opportunities which might be exploited. NEDs were encouraged to explore their own trust's position on workforce, and to offer their insights.

This report brings together the themes, including challenges and successes, which NEDs discussed at the workshops.

Outputs of use to NEDs:

- A list of performance indicators which NEDs can consider using when looking for workforce assurance
- Board table topics which NEDs might use to start discussions around workforce risks and opportunities within their trusts
- Top workforce tips which could usefully be shared with board colleagues.

Next steps:

- Circulation of this report to NEDs at member trusts for comment
- Consideration of further opportunities for interested NEDs to share information more regularly about best practice in workforce
- Ginny Edwards and Sue Ells to continue to track developments amongst provider trusts through NED conversations.

¹ CIPD defines organisation development (OD) as 'planned and systematic approach to enabling sustained organisation performance through the involvement of its people'

Report

Context

Currently around 1.2m people work in the NHS in England, and a further 1.6m in social care; together this makes up around 1 in 10 of the working population. NHS provider trusts usually spend between 60% and 85% of their budget on workforce (£47.1bn in 14/15 national total).

NHS Providers ran sessions at its four national Non-Executive Director Networks in late 2015, to explore workforce risks and opportunities linked to the context of the Carter report² and recommendations. The aim of the events was to explore:

1. The key workforce issues facing trusts
2. How these challenges are being addressed
3. How to approach the workforce assurance role as non-executive directors
4. Peer to peer sharing and learning.

The events were facilitated by Ginny Edwards, NED, West Hertfordshire Hospitals NHS Trust, Sue Ells, NED, Ashford and St Peter's Hospitals NHS Foundation Trust, and Paul Myatt, Workforce Policy Advisor, NHS Providers.

Ginny and Sue have an ambition to bring together NED thinking around workforce and OD issues in trusts across the provider sector and from different areas of England. Both Chair their trusts' Workforce and OD sub committees of the board. They are grateful to NHS Providers for facilitating an opportunity to reach out to connect with other NEDS through the regular NHS Providers Non-Executive Directors Network meetings.

More than 150 NEDs participated in the four events. We would like to thank them all for their openness, insights and thoughtful reflections on current and future workforce issues and how to tackle these. This report provides a summary of the main themes discussed at the events and offers suggestions as to how NEDs can strengthen the contribution they make around workforce at their boards.

The role of a NED

These four NHS Provider events provided a useful opportunity to re-visit the role of a NED, which was welcomed by the participants. Summarised simply as "nose in/finger out", it was acknowledged that although as NEDs we had all been executive directors in the past, this was no longer the role (no matter how good we might think we are at it). The NED role is strategic, guiding and being a critical friend, leading by example, as Lord Carter has emphasised, and holding to account. It was on this understanding that the discussions took place.

Discussion Themes

Discussions at all four events could be broadly be grouped within seven areas:

1. Workforce strategy
2. Leadership and transformational change skills
3. Culture/OD & workforce engagement and productivity
4. Operational & strategic HR skills
5. Recruitment, retention and temporary staffing
6. Innovation/new ideas around workforce
7. Understanding workforce risk.

² Lord Carter of Coles report for the Department of Health (June 2015 interim report)

Let's look at what participating NEDs told us around each of these areas in turn, and our response to each

1. Workforce strategy

- NEDs told us that workforce strategies should be designed in support of a trust's wider patient-centric, clinically led strategy. Once there were established evidence-based patient pathways and working in multidisciplinary teams, identification of the skills and numbers of people needed to enable service delivery can follow. The closure of any gaps identified between present and future skills needs can also then be planned.
- Clinical pathways based on historical arrangements were something NEDs targeted for more regular review. NEDs also saw the need for their trusts to be a core part of whole system collaboration and that both providers and commissioners need to work together to understand the specific workforce issues within a health and social care economy.
- Comments were made about limited and silo based workforce strategies perceived to be creating risk for trusts, impacting on staff wellbeing and the ability to deliver high quality, responsive services to patients.

Ginny and Sue's comment

The importance of developing a joined up service – both inside and outside the trust – is clear, and also very different from the past. NEDs have a clear role in being seen to promote and participate in conversations across organisations in the interests of the strategy of their trust. Ensuring that your trust has a workforce strategy designed to support the clinical strategy is an important part of NED assurance. It is particularly helpful if your workforce strategy includes the options of flexing for innovative roles and new careers. The workforce fora emerging as part of the sustainability and transformation planning footprints offer a fresh opportunity for trusts to collaborate with other organisations in their areas.

2. Leadership and transformational change skills

- NEDs told us consistently that culture must be set at the top of the organisation as a leadership responsibility, with aligned behaviours then encouraged and rewarded at all levels.
- There was a consistent ambition too: to develop a culture where trusts focused on quality, patient experience and staff wellbeing.
- NEDs emphasised the need for workforce strategy to be owned by the leadership as a whole not just the HR or workforce lead. Seeking to identify innovative practice and solutions to challenges should be part of every leader's role description and all need to have operational people management skills.
- NEDs saw having effective senior and middle leaders as a priority so that the workforce is engaged. One suggested that in the past when the NHS received yearly real increases in funding it was possible for deficiencies in leadership to be covered over, but now that funding is tight and demand continues to grow these deficiencies are being exposed.
- Clinical managers were also viewed as central to delivering change. The recent national dispute between the government and junior doctors is thought to have led to

local level challenges and a diversion from the journey towards increasing clinical leadership.

- It was recognised across all events that the managers beneath the board may lack connection with the executive and often see their roles as managers, rather than leaders shaping services and resolving problems. Succession planning for these roles can also be lacking and managers, particularly clinical managers, are not consistently developed in career paths.

Ginny and Sue's comment

Some of these observations link as strongly to culture and OD as they do to leadership. NEDs have a good opportunity to ask about leadership development initiatives and to make the connection with the behaviours the trust needs to see in order to deliver its vision and strategy.

3. Culture/OD & workforce engagement/productivity

- NEDs recognised that valuing people is essential. The impact of morale and wellbeing on sickness and turnover was clear. There was a strongly held belief that valuing people through conducting effective appraisals and providing opportunities for personal growth and health and well-being should be at the core of a workforce strategy (as a means of recruitment and retention, and engagement to perform).
- There was also a sense that staff are fatigued and as a result some organisations have lost the narrative when it comes to continuing to explain and engage around why change must come and why change is good. Critically, although there is often an acknowledgement that staff morale is low, there is a lack of understanding in relation to what that actually means and what can be done to improve it.
- NEDs want to see workforce strategies linked to safer staffing initiatives and to the ambition of developing a safety culture. It was recognised that the organisations with a strong focus on quality, safety and patient experience have a supportive culture and high staff engagement.

Ginny and Sue's comment

It's encouraging to see a consistency on such an important issue. What is interesting is that there is clearly an opportunity to develop a wider understanding of exactly *how* the improvements in culture and workforce engagement could be made. We wonder whether such simple things as calling people 'staff' – which other organisations outside the NHS would see as rather old fashioned/hierarchical/military – may be an enduring symbol of the NHS of the past (and does this matter?). The techniques which drive employee engagement are perhaps better known outside the NHS, so perhaps there are sources of external expertise to draw on there? Certainly within the NHS we could be even better at using talent and workforce development as a way to engage our people. This is particularly useful when it comes to hiring and retention.

4. Operational & strategic HR skills

- NEDs told us that they were concerned about what they saw as a shortfall in the HR skills their trusts needed. Appraisals and learning programmes were also reported as areas that needed further review and focus to ensure staff are receiving appraisals of value.
- The time and cost of tribunals and suspensions was another source of NED frustration.
- There are a number of innovative ideas for HR included under discussion theme 6 below.

Ginny and Sue's comment

It's important to maintain some balance in the NED views of operational and strategic HR skills. For those from a predominantly private sector background, it is clear that their experience of HR in the NHS is often very different. We should however keep in mind that the NHS is a public sector organisation without the freedoms around pay, structure, reward and penalty (even with foundation trusts) that the private sector has. This complexity means that it predominantly employs NHS people in HR roles, and their experience and their appetite for risk are different. There's a role for NEDs to make sure that a trust gets best value. When vacancies are identified, do the person specs really have to have the level of qualification stated? Can we test this and reduce it to make the post easier to fill for example? Look to see that there's a consistency around job plans, grades remuneration etc too, so you can be sure that there's a sense of fairness amongst your people (key to employee engagement) as well as a cost-effective organisation. Now that the NHS is increasingly being expected to act in a more commercial way, we'd be really interested to hear from NEDs in trusts which have delivered HR skills and services in a way more like the private sector than the traditional NHS. Let us know what has works for your trust and what doesn't, and we'll sensitively share that learning around.

5. Recruitment, retention and temporary staffing

- Whilst temporary staffing is often viewed as an issue in itself, it does in fact arise as a result of the impact from recruitment and retention on the one hand, and strategy on the other. Unsurprisingly, all NEDs reported a major issue with temporary staffing (the need for it and the cost of it). The frustration was clear.
- Interestingly NEDs also told us that they saw whole system collaboration to be key to putting in place mutually beneficial approaches to recruit and retain staff. NEDs cited examples of where poor system relationships and understanding has had a direct negative impact on workforce management such as: providers competing for staff; commissioners being unable or unwilling to sign off funding for more than 12 months and the resulting inability to recruit permanent staff; tendering processes that are protracted and create anxiety, resulting in high turnover. Agenda for Change and remuneration were discussed and it was felt that the current system can prevent highly skilled members of the workforce being adequately remunerated as pay can be skewed to length of service and specialisation. Contracts can also be restrictive and be a barrier to implementing new service models.
- The aging workforce, the living wage and cost of local housing as having an impact on the ability to recruit and retain staff were also discussed.

Ginny and Sue's comment

When it comes to vacancies, it was interesting that job re-design (e.g. inventing new roles which matched the availability of potential recruits in the market place to get around the issue of difficult to fill posts) appeared to be a relatively low-key initiative. Most trusts seemed to be holding out to recruit to their existing vacancies, and recruiting abroad was also a significant theme (something some NEDs saw as raising moral questions about taking skills from countries that needed them too). Whilst not all the gaps can be “designed out”, it would seem that this is still an opportunity which trusts could exploit further. The recent Nuffield Trust report, [Identifying priorities for workforce redesign and development](#), may be a helpful starting point. There seems to be a healthy recognition amongst NEDs that some solutions to recruitment and retention issues rest in the wider system, and that a wider collaboration between local agencies has a role to play. We note the agency worker caps and rules introduced by NHS Improvement are an attempt at a more collective approach. We're very interested in finding out what other ideas NEDs are aware of and to learn more.

6. Innovation/new ideas around workforce

- NEDs told us that the need to promote the value of innovation and to reward their people for thinking about new things was bringing some good results. “Dragon’s Den” type initiatives (whilst risking reinforcing the old command/control culture instead of the newer more collegiate/collaborative one) does seem to be bringing some success for some trusts. Ideas discussed included:
 - Succession planning was reported to have brought some benefits as a new workforce initiative in the NHS
 - Developing leadership skills to make effective role models was another reported initiative
 - Using volunteers and the 3rd sector extensively in the trust
 - Visit local schools to promote the NHS amongst the workforce of tomorrow
 - Market your trust as an employer of choice/a location of choice
 - Pay bank workers weekly (as opposed to monthly) to increase the incentive to work through the bank.
 - Making sure that the values of the trust flow through everything – appraisal, new approaches to working, disciplinary processes etc.
- NEDs told us that many of the issues mentioned in the other seven discussion areas often acted as a barrier to innovation in their view. Mandatory training was flagged as an issue, particularly the time this takes (and the opportunity cost of this) and also the lack of innovation in delivery systems. Flexibility vs specialisation was another issue flagged by several NEDs. They reported that the drive to develop a more flexible workforce, particularly to support an increasing proportion of older, frail patients with multiple comorbidities was at odds with increasing specialisation and pay scales that encourage staff to specialise to receive higher levels of remuneration. Different outlooks and ways of doing things between different groups of professionals were also identified as a key barrier to developing a more responsive workforce.
- Some skilled human resource and operational professionals from outside of the NHS reported experiencing difficulties when looking to transfer effectively into the NHS. The perception was one of blocking, which was seen to stifle innovation. Many trusts recruit and develop managers from internal NHS candidates, which can result in

barriers to adopting new ways of working and challenging the system to think differently.

- Some trusts are clearly making good progress by designing a lean process for recruitment to some posts, where they reduce the elapsed days – sometimes even reduced down to a 1-day hire process – so that people can be interviewed and receive an offer on the same day. This approach is also being used for weekend initiatives, so prospective hires can find it easier to fit an interview around their existing commitments.

Ginny and Sue's comment

Although there were a lot of frustrations expressed, there were some valuable and innovative ideas shared which may be helpful for other trusts to consider. We're sure this is the tip of the iceberg, and we're keen to capture and share more innovative ideas.

7. Understanding workforce risk

- Many NEDs told us that they wanted support and ideas as to what questions they should be asking, and what performance they may be presented with, around workforce so that they might understand risks, and indeed, opportunities.
- As important as the things ask about and the data to look at, NEDs highlighted the importance of ensuring the availability of joined-up information *across* committees – for example, linking finance and workforce committees on issues of temporary workforce numbers and costs so that committees are not looking at “different versions of the truth” generated by financial and workforce executives respectively.
- Appendix 1 gives some examples of questions NEDs could ask when seeking assurance and some examples of performance indicators.

Ginny and Sue's comment

Having a list of areas to probe in order to get workforce assurance, and performance indicators to use, is important for NEDs. Executive directors should be able to propose appropriate indicators. So too is being able to benchmark your performance indicators against comparable trusts - something Lord Carter's work may add something to. Just as important is the need to check what you are actually measuring. For example, whilst sickness levels have long been seen to be “good” if they are 3% or less, there's a school of thought which says this could be an indication of ‘presenteeism’ (which isn't good, particularly if people are actually unwell and disengaged as a result), and that employee engagement is in fact a better measure as it is more sophisticated. So maybe less a case of rewarding 100% attendance, and more focus on whether employees report intending to stay at their trust for at least the next 12 months? Similarly, if appraisals are running at 90% completion, is that a good performance if the quality of these appraisals is low? We're really keen to know about your experiences and if your trust has some great workforce indicator measuring tools.

Next steps

The network sessions provided a valuable opportunity to learn from other organisations and share approaches being adopted to tackle the key challenges facing providers in terms of workforce strategy.

Ginny and Sue are keen to continue the conversation. Paul Myatt, Policy advisor - workforce at NHS Providers, would be very happy to put you in touch.

Appendix 1: Workforce and OD board assurance

What are the **sources** of workforce assurance for NEDs?



What should I be asking about?

- Is our workforce well led, safe, high quality & caring ?
- What are the indicators and where are these discussed to provide assurance ?
- What are the risks, issues and mitigations ?
- How are we innovating and making the most of new opportunities ?
- Where are the biggest concerns ?

It was broadly recognised that there is a tendency to focus too much on numbers and inputs and boards' reporting on workforce varied. The regular reports to boards included:

- Workforce report with establishment, turnover attrition, mandatory training, overtime, agency spend
- Patient feedback with staffing report.

How can you get assurance ?

- KPIs
- Listen in to action
- Big Conversations
- Staff survey
- Bullying and Harassment advisors
- Walkabouts
- Board Assurance Framework
- Risk registers
- Rigorous monitoring of actions and plans

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Individual NEDS reported requesting specific information on areas in difficulty and predictive modelling, but in general there is a lack of intelligence provided to boards to identify the critical issues, causes of issues and to provide assurance that they are being addressed.

The events discussed how NEDs were gaining assurance on workforce issues and the following approaches were shared:

- Through board and sub-committee papers and discussions
- Feedback from staff on walk-arounds and meetings
- Whistleblowing
- Through social media
- Setting targets and monitoring monthly
- Early warning reviews

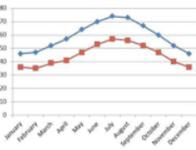
Performance indicators

NEDs discussed the need to move measurements of workforce towards outcomes, productivity, connection to finance and predictive modelling of workforce and spend, at a level of granulation to identify the 'hot spot' areas. NEDs also felt that benchmarking data would be a valuable tool. Executive directors should be able to provide performance indicators and evidence why these are good and relevant indicators.



Workforce Indicators

- Establishment
- Recruitment process
- Vacancy rates
- Sickness rates
- Temporary Staffing Usage (bank and agency)
- Turnover/attrition
- Employee engagement & patient experience stats
- Performance management & appraisals
- Statutory/Mandatory Training
- Learning and development programme
- Revalidation
- Employee Relations Case Numbers
- Financial impact and management of all the above




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Measures discussed at the events:

- Early warning system scoring system indicators
- IR1s (the process for reporting an incident)
- Staff engagement, staff survey, friends and families, appraisal feedback / surveys
- referral to treatment (RTT) as an indicator of operational capacity
- Risk register
- Serious incidents / safety incidents
- Establishment
- Recruitment process
- Vacancy rates
- Temporary Staffing Usage (bank and agency)
- Turnover/attrition
- Performance management & appraisals
- Statutory/Mandatory Training
- Learning and development programme – such as leadership programmes
- Revalidation
- Employee Relations Cases
- Equality and diversity data,
- Exit interviews
- Sickness rate, MET data, compliance return to work, management of sickness
- Separate employee engagements activity stats
- Safer staffing.

