

LEADING TO RECOVERY

**The best management
and the health service
of the future**



ABOUT THE REPORT

With 1.4 million staff, the National Health Service (NHS) is the largest employer in Europe. Celebrating its 75th anniversary in 2023, the organisation enjoys totemic status in UK public life. Founded in July 1948, the NHS was a symbol of post-war social reconstruction. When British people stood on their doorsteps to applaud the heroic efforts of NHS workers during the Covid-19 pandemic, they were expressing both gratitude for the people involved and also acknowledging the role of the healthcare system in the national psyche.

Yet despite that cherished status, there is a growing acknowledgment that change is needed if the NHS is to meet the ever-growing needs of an ageing population. Dated IT infrastructure, growing demand for services, workforce shortages, and burnout are taking a worrying toll on frontline staff. The continually vexed question of how we integrate treatment with care, public and community health as well as other forms of fragmentation across

services remains unresolved. As one hospital manager put it during our research, “every day is firefighting”. Little wonder that the future of the NHS is front of mind – and policy – for both Prime Minister Rishi Sunak and Labour leader Sir Keir Starmer.

NHS managers are often seen as part of the organisation’s problem, a burden to the service who take resources away from “frontline” doctors and nurses. This couldn’t be further from the truth. In reality, poorly managed health services cost lives and waste money; good and outstanding managers in the NHS make a critical difference to our health. And poorer health has a whole series of wider impacts on quality of life, community and significant impacts on the economy and public finances.

This report from CMI and the Social Market Foundation (SMF) aims to build a picture of the current state of NHS leadership and management, including providing a sense of how widespread good practices are. We want to show the difference that effective leadership and management practices can make – and highlight areas for improvement.

We draw on an Opinium poll of 1,000 public-sector leaders and managers that was commissioned exclusively for the report. In three compelling stories, we describe the impact that forward-thinking leaders can have.

This is a shortened version of the full research findings, *A Picture of Health? Examining the State of Management and Leadership in Healthcare*.

Anthony Painter,
Director of Policy & External Affairs

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KEY FINDINGS

- Comparative OECD data from 2019 suggested that the UK ranked 17th out of 19 countries for life expectancy, 15th out of 18 countries for breast cancer survival five years after diagnosis, and 17th out of 18 countries for survival from lung and stomach cancer. Slow pre-pandemic improvement in wait times has since reversed.

- In an Opinium poll of 1,000 public sector leaders and managers (commissioned for this report) the majority of NHS managers (62%) say they face significant management-related challenges that prevent them from doing their job effectively, including an inability to recruit and retain great staff, red tape, and poor organisational cultures.

- In the same survey, more than one in four NHS managers and leaders (27%) believe senior leadership in their healthcare organisations are ineffective, and one in three (32%) leaders were “poor” at motivating staff.

- Compared to the wider economy, the NHS appears to be under-managed, with analysis revealing that the number of managers in the UK workforce, as a whole, is 6.5 percentage points higher than in the English NHS workforce.

- With data from the Care Quality Commission (CQC) indicating that around a quarter of hospital trusts need considerable improvement, the study found a demonstrable, positive link between high-quality management practices and the quality of healthcare.

- One study found that 43% of hospitals scoring above average in management practices achieved “high quality” outcomes, compared to 14% of those below average.

- Two trusts have improved outcomes by prioritising good management. At the Leeds Teaching Hospitals

Trust, one of the largest acute hospital trusts in the UK, a new CEO moved the trust from the bottom 20% of NHS employers to the top 20% in just three years. Similarly, at the Tameside and Glossop Integrated Care NHS Foundation Trust a new leader reformed middle management to achieve a “good” rating across safety, effectiveness, responsiveness, and care, up from critical levels seven years earlier.

RECOMMENDATIONS

Bringing the UK’s healthcare performance up to the international frontier will require a more thorough policy response. The contribution of leadership and management to turning around under-performing providers needs to be maximised and those that are already doing well must be further improved. The best leadership and management practices need to be made universal across the NHS and quality of leadership and management needs to be closely monitored.

To achieve this, government needs to:

- Broaden the CQC’s “well-led” category for inspections so that it includes a detailed review of the management practices, training and leadership pipelines of the organisations it inspects.
- Establish benchmarks for judging good leadership and management that the CQC can use in its assessment of whether an organisation is “well-led”.
- Mandate in-work leadership and management training requirements across the NHS and primary care for managers and leaders.
- Mandate NHS England to establish a compulsory national excellence framework for minimum in-work leadership and management training requirements.
- Pilot workplace democracy methods (giving all staff an opportunity to feed in to decision-making processes) modelled on those used by Leeds Teaching Hospitals NHS Trust in under-performing NHS trusts.

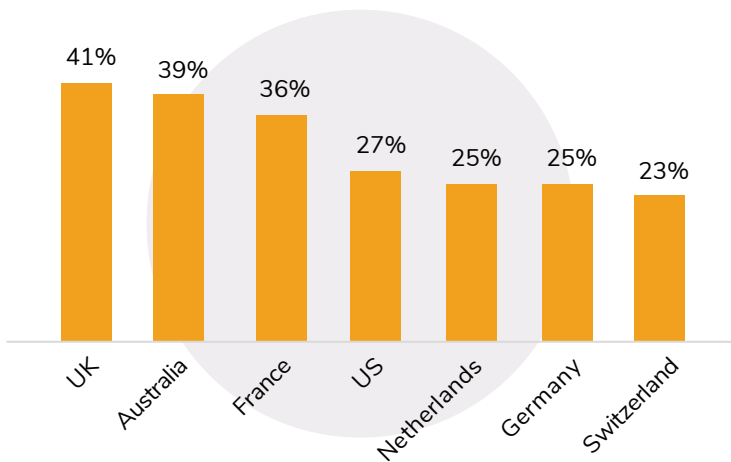
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PICTURES OF HEALTH

FOUR ILLUSTRATIONS OF NHS PERFORMANCE

1. INTERNATIONAL COMPARISONS AREN'T FAVOURABLE

Figure 1: Proportion of people waiting one month or more for a specialist appointment in selected countries, 2019



Source: OECD

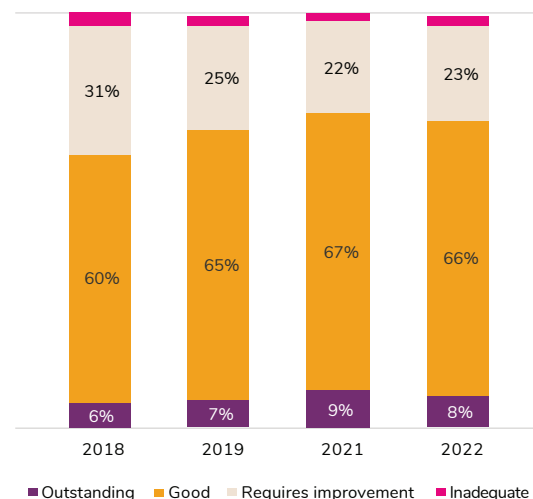
Healthcare in Britain has underperformed compared to many peers for a long time. Prior to the pandemic, comparative OECD data from 2019 suggested that the UK ranked 17th out of 19 countries for life expectancy, 15th out of 18 countries for breast cancer survival five years after diagnosis, and 17th out of 18 countries for survival from lung and stomach cancer.

Waiting times are seen as proxies for the overall efficacy of a healthcare system, and on this metric, 2019 data shows that the UK also compared poorly with numerous other industrialised countries. Pre-pandemic, the NHS had shown some signs of slow improvement but efforts to reduce and maintain short waiting times for appointments, referrals and treatments have since gone into reverse across England, Wales and Scotland.

2. SIGNIFICANT ROOM FOR IMPROVEMENT IN ACUTE SERVICES

In 2022, according to the Care Quality Commission (CQC), 25% of inspected healthcare organisations were rated as “requires improvement” or “inadequate”. This may equate to more than four million “Finished Consultant Episodes” being conducted and completed in poor performing trusts in 2022*. (An FCE describes the period of time that a patient is under the continuous care of one consultant at one healthcare provider.)

Figure 2: Aggregate ratings achieved by NHS acute services providers in CQC inspections, 2018 – 2022

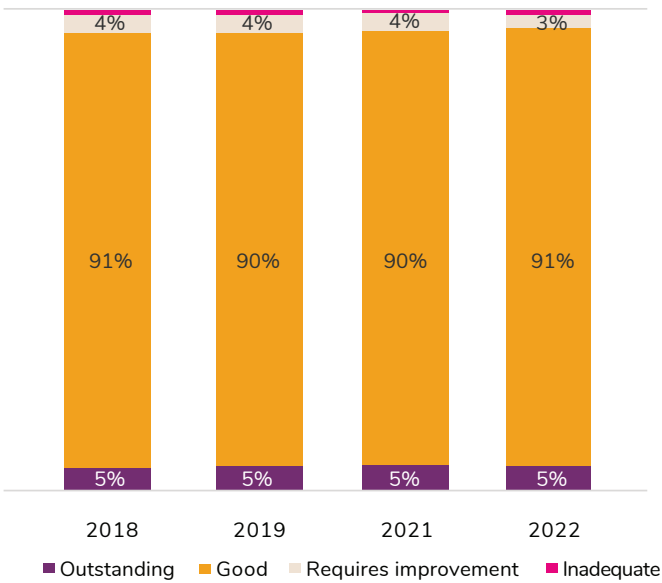


Source: CQC State of Care 2021/22

* In 2021-22 there were 19.6 million Finished Consultant Episodes (FCE) across the NHS. If trusts were more equal in their size and the population of England more evenly distributed, the data on the proportion of poorly performing trusts presented in Figure 2 would imply that in 2022 around 4.9 million FCEs could have been provided under the auspices of poorly performing trusts.

3. PRIMARY CARE QUALITY IS GOOD BUT PLATEAUING

Figure 3: Aggregate ratings achieved by GP practices in CQC inspections, 2018 – 2022

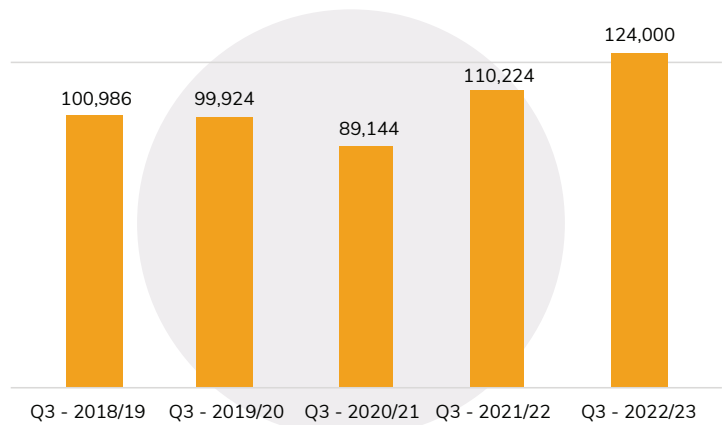


Source: CQC State of Care 2021/22

According to the CQC, GP practices' ratings have been consistent over the past five years. This could be viewed positively, but the absence of an increase in the proportion rated "outstanding" suggests some stagnation in primary care quality – and scope for improvement. Leaders and managers will be indispensable in this process.

4. WORKFORCE ISSUES ARE HITTING MORALE

Figure 4: NHS vacancy levels in the third quarter of the NHS financial year, 2018 – 2023



Source: NHS Digital

At the end of 2022, the NHS had around 124,000 vacancies. This included 8,700 medical professionals and 43,600 nursing staff. That is a vacancy rate of just under 10% of the total NHS workforce in England. This shortfall has knock-on effects in terms of staff morale, motivation, work overload and missed management training, as staff will be needed first and foremost to look after patients. The government's NHS Long-term Workforce Plan, released in June 2023, aims to address these long-standing issues and to put staffing on a sustainable footing and improve patient care.

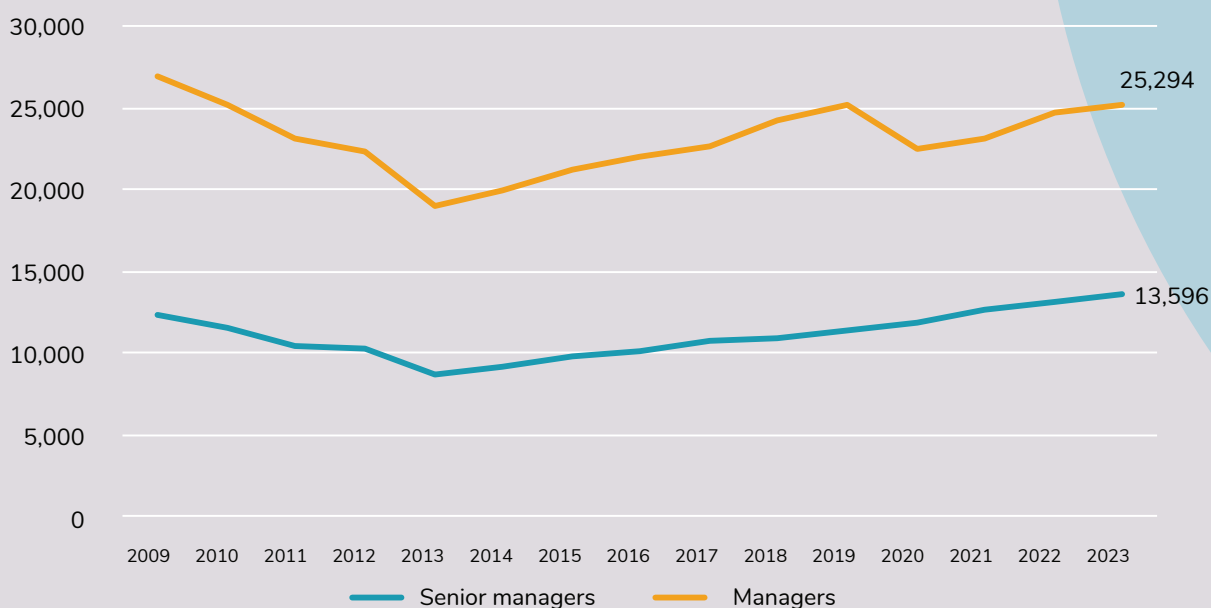
“APPLY EVERY DAY AND FEEL THE BENEFITS”

THE IMPACT OF GOOD LEADERSHIP AND MANAGEMENT IN HEALTHCARE

A criticism levelled at the NHS is that it has too many “bureaucrats”. In fact, compared to the wider economy, the English NHS appears to be under-managed. The best estimates suggest that NHS England now has 25,294 managers and 13,596 senior managers, just under 3% of the total NHS England workforce. According to one analysis, the proportion of managers in the UK workforce as a whole is 6.5 percentage points higher than in the NHS workforce. As the *Financial Times* put it in July 2023, the NHS is “grotesquely undermanaged”.

While the debate over manager numbers will roll on, the link between quality of leadership and management practices and the performance of healthcare providers is clear. According to World Management Survey research into US and UK hospitals, 43% scoring above average in management practices achieved “high quality” outcomes compared to 14% of those below average. And in a healthcare setting, “outcomes” can mean patients’ lives and wellbeing. Good leadership and management lead to high staff morale, motivation and satisfaction. Many studies find that these, in turn, are associated with better performing healthcare institutions – whether that’s judged through CQC ratings or patient experience data.

Figure 5: NHS management in hospitals and community health services, 2009 – 2023

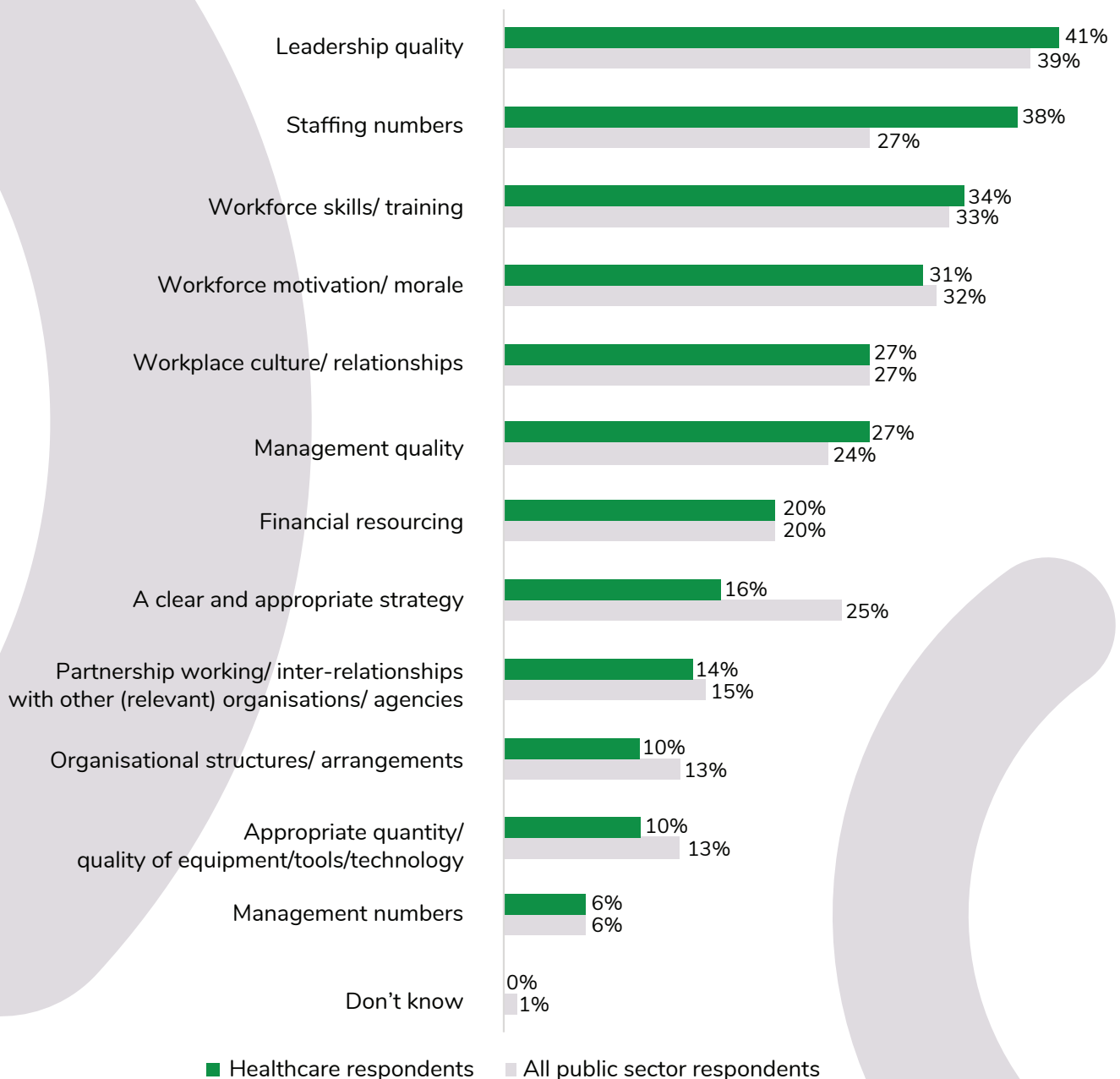


MORE. GOOD. MANAGERS

HIGH-QUALITY LEADERSHIP WILL BRING OUT THE BEST IN THE NHS

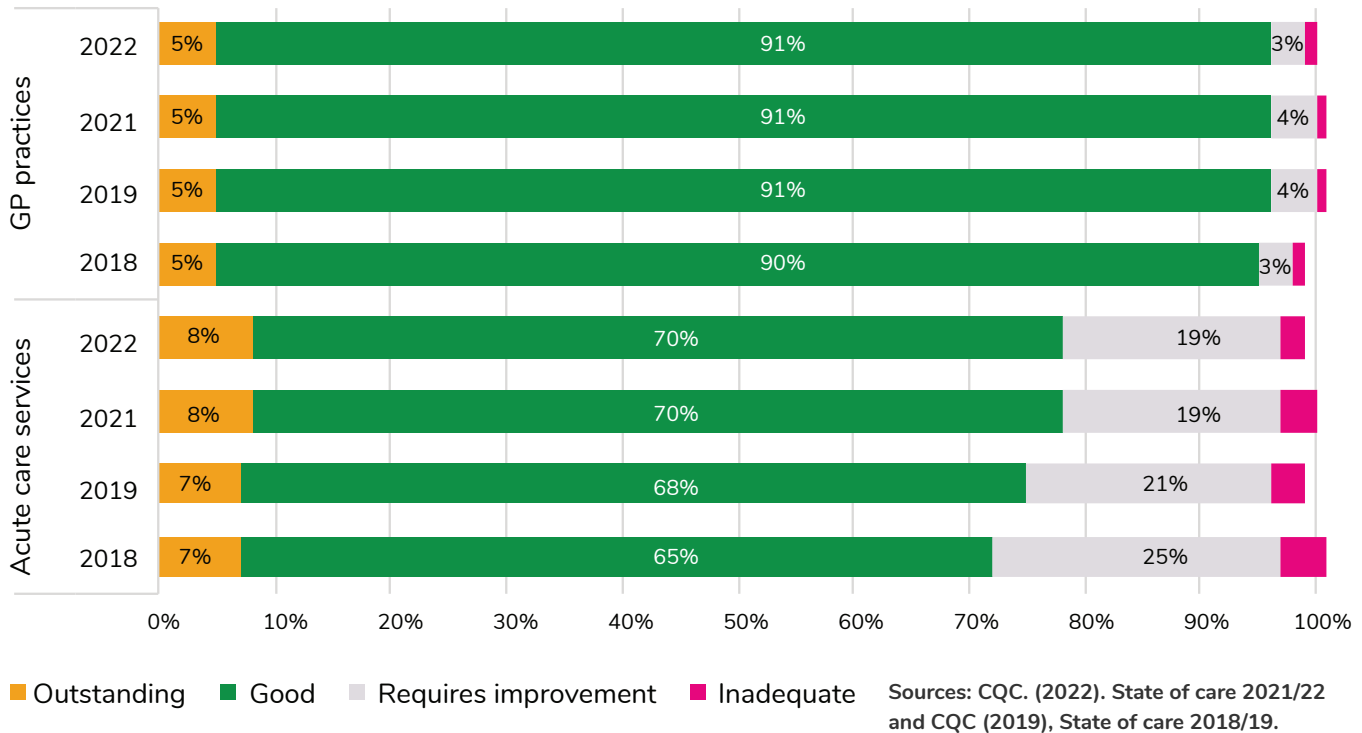
So, the key to driving up healthcare outcomes is management quality: good managers, not just more managers.

Figure 6: Factors that are important for an organisation to succeed in the public sector, for public sector managers as a whole and for healthcare sector managers specifically



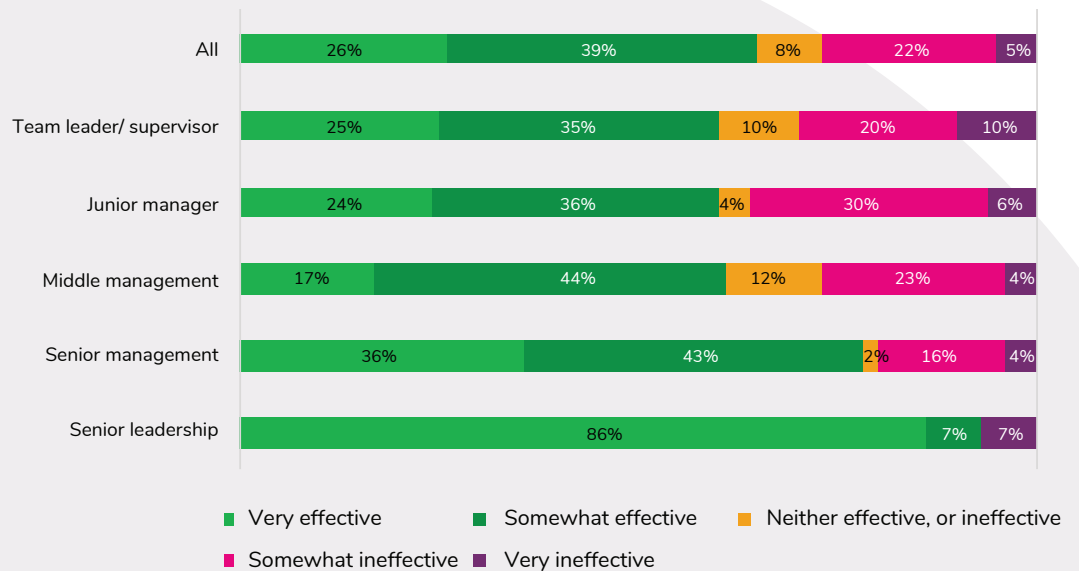
There have been many initiatives and reviews focused on NHS leadership and management. And these have brought about improvements, as the five percentage point increase in the proportion of trusts being rated “good” in the “well-led” inspection category shows. However, there is a sizable tail (21%) of providers scoring poorly in the specific category of leadership. When applied on a national scale, this translates into around 30 of the 140 acute trusts in England.

Figure 7: CQC leadership ratings for acute care services providers, 2018 – 2022



Take the chart on the right, where we asked healthcare managers to rate the effectiveness of senior leadership. A comparatively low 60% of team leaders and junior managers rated their senior leadership as effective. Some 27% of middle managers rated their senior leadership as ineffective, as did 30% of team leaders and 36% of junior managers.

Figure 8: Healthcare managers at all levels rating the effectiveness of senior leadership at ensuring the organisation succeeds



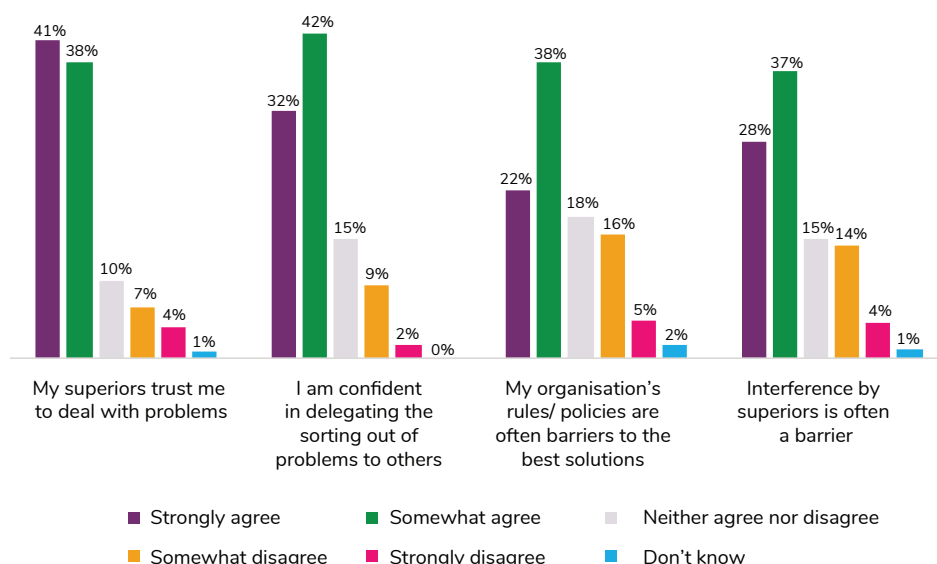
When we asked about senior leadership’s capability in “soft skills”, nearly 75% agreed that the senior leaders in their organisations were good at making themselves available to staff and listening to managers and staff about issues. However, 25% reported that their senior leaders did this poorly. And, strikingly, one in three (32%) leaders are reported as “poor” at motivating staff.

Figure 9: Performance of senior leadership in healthcare organisations across a range of “soft skills”



Source: SMF Opinion Survey March-April 2023

Figure 10: Extent to which managers have the autonomy to solve problems that they come up against within healthcare organisations



Source: SMF Opinion Survey March-April 2023

It’s clear that leadership weakness holds organisations back and prevents people doing jobs effectively. 62% of leaders and managers said they face obstacles that hinder their ability to do their job. Of those, 46% cited HR problems (eg. recruitment and retention), 46% highlighted organisational challenges and 20% reported process issues (eg. red tape). Not everything is negative – the chart left shows almost 80% of managers reported that superiors trusted them to deal with problems, and 74% were confident delegating. However, 60% said internal policies or rules were barriers to solving problems; and 65% pointed to interference by superiors.

THREE STORIES OF LEADING, LEARNING AND DELIVERING BETTER

HIGH-QUALITY LEADERSHIP IN ACTION IN THE NHS

Tameside and Glossop Integrated Care Trust serves a population of 250,000 in Greater Manchester and north-west Derbyshire. The trust employed around 2,300 staff in 2021-22.

When Karen James took over as chief executive in 2014, the Tameside and Glossop Integrated Care Trust was in a bad way. Known locally as “Shame-side”, performance and patient care were “appalling” (Karen’s words). The Care Quality Commission (CQC) verdict was only a bit kinder: “inadequate”, it ruled.

Almost a decade later, the trust still faces many challenges, but the official metrics are transformed. Heading into the Covid-19 pandemic, it was rated good by the CQC; in its latest staff survey in 2022, Tameside and Glossop showed higher than average scores across a range of areas relevant to good leadership and management practices.

So how has high-calibre leadership made a difference? While it’s been a long, multi-faceted journey, some specific pieces of active management do stand out.

SET PRIORITIES – AND REPORT ON IMPROVEMENTS

To kick-start the turnaround, Karen moved quickly to put priorities in place. Her aim was to stabilise the situation, demonstrate that an improvement process was beginning, and show that it would ultimately make a difference. “You have to be clear about your assessment of the organisation,” she



Karen James, Chief Executive
Tameside and Glossop Integrated Care Trust

says, and to be clear with everybody about what needs to be done. It was crucial to communicate confidence to the regulators.

BUILD TRUST

To get everyone behind the transformation, the leadership team had to earn the trust of the staff at Tameside. This involved showing that Karen understood the problems and was taking the time to build relationships. Clinical

5. Three stories of leading, learning and delivering better

teams in particular can view management as “people that pass through the organisation”. Karen made a point of going out and talking to all the clinical teams. Teams were given the autonomy to make changes. It’s also important to be clear about the values and behaviours you expect for the organisation, Karen says, and make sure you’re demonstrating those values and behaviours as well.

BE VISIBLE

Karen made herself personally visible. She walked the corridors having conversations. “You have to be out there being visible, talking to staff, be understanding of their operating model, their contexts, the challenges.” It was also important to celebrate teams and individuals doing a great job, acknowledging that and involving them in decisions.



Kathryn Gaskell do Carmo,
Divisional director of nursing
Tameside and Glossop Integrated Care Trust

SET CLEAR GOALS – AND GET MIDDLE-MANAGEMENT BUY-IN

Karen set a handful of high-level goals. These became “a golden thread throughout the organisation”. Everyone knew them and how they could contribute to delivering them.

Middle managers were recognised as important conduits. Working with these people, Tameside was able to stabilise, bank some easy wins, and show that improvements were underway. Karen also built close relationships with local authorities and key external parties.

FIND AND DEVELOP THE RIGHT PEOPLE

Recruiting effective people would be central to the transformation. This was a particular challenge at lower and middle management levels because of the “accidental manager” phenomenon – “all of a sudden, because you’re great at what you do, you’re promoted to a management role or a clinical director role,” Karen observes. But such people may not have developed the different skill sets required.

Karen herself was a key talent-spotter, looking for people who have the academic credentials and ability to progress but who also, critically, have got “the ability to engage individuals”.

They also had to lay off a number of middle managers. There were some difficult conversations, but they knew it was vital to have the right people in that middle tier who could drive the organisation forward.

Managers need to be properly trained to deliver an improvement programme on this scale. Training and mentoring were developed to build and maintain a pipeline of able people. Divisional director of nursing Kathryn Gaskell do Carmo was a key individual in introducing a pro-training culture.

Leeds Teaching Hospitals Trust (LTHT) is one of the largest acute hospital trusts in the UK, providing services across the city of Leeds, the Yorkshire and Humber region and further afield. The trust is made up of seven hospitals across five sites. It employs more than 21,000 staff and, in 2022, treated more than 1.7 million patients.

The mid-2010s were a period of change for Leeds Teaching Hospitals Trust (LTHT). In a 2014 CQC inspection the trust received an overall grade of “requires improvement”. While some of the care was outstanding, there were areas of concern. Two years later, in its next full inspection, the trust was upgraded to “good” with “requires improvement” in some areas. LTHT maintained its “good” status in 2018.

THE LEEDS WAY

A new chief executive, Julian Hartley, began the process of improvement with a new vision for LTHT known as “The Leeds Way” – “who we are and what we believe. It defines how we work to deliver the best possible care and outcomes for our patients. The Leeds Way is about listening and being inclusive and taking on board the very best ideas out there”. The Leeds Way came about through initial conversations with staff about the challenges they felt the trust faced. Staff shared views on what the values of the trust should be. Over time this became a codified set of values and behaviours that the organisation works by – from porters to professors of surgery.

In 2022 the trust’s values were updated in line with a new staff consultation. The Leeds Way remains embedded in the trust. At its heart is a commitment to the highest-quality patient treatment and care. This, says the current CEO Professor Philip Wood, is shared by all: “If you’re the domestic who’s cleaning the wards, you’re contributing to the quality of the care we provide for our patients. And your personal

contribution to that is as valuable as the person who’s doing that complex operation.”

VISIBLE LEADERSHIP

The importance of leadership visibility was stressed once more by Professor Wood and COO Clare Smith, who added that previously there had been a “distrust of management”.

FLAT STRUCTURE

Rather than a pyramid structure, leadership at the hospital is relatively flat, with 19 units reporting to an executive team. This structure helps to build strong relationships between senior leadership and those who report to them. Inevitably, issues will arise. “These are hard jobs,” says Professor Wood. In these circumstances, good interpersonal relationships enable issues to be noticed promptly and dealt with in a respectful way. If teams do need to come together to find joint solutions, then a convenor will facilitate and support the conversation – “not tell people what to do,” Professor Wood adds.

AUTONOMY

Building on work that LTHT has done with the Virginia Mason Institute, staff at the frontline are empowered to be leaders in their own right. Local leaders have been given “permission to achieve”. There is, of course, some structure to this autonomy. Parameters are set. Plans and strategy are scrutinised. Professor Wood says that senior leaders will want to have “an accountability conversation” about how commitments are being delivered but, beyond that “you have the permission to deliver that how you wish.”

Generally, people at LTHT are encouraged to “have a go,” says Clare. “We’ve had people who have worked in operational roles, where clearly that doesn’t speak to their individual skill sets. And actually, they’re better in a policy or a strategic role. And we will try to facilitate that.”

TRAINING FOR MANAGEMENT AT EVERY LEVEL

Leadership and management training is central to The Leeds Way. It's recognised, for example, that clinicians can't take on responsibility for large departments and teams without specific support. The trust tries to ensure there is good leadership and management at every level. Coaching and mentoring opportunities are made available for senior leaders. When Clare was about to transition onto the main board, she was able to take part in a "shadow board". This helped her get to grips with roles and responsibilities. "I found that hugely beneficial in terms of understanding."

A RANGE OF EXPERIENCES

While the previous CEO Julian Hartley wasn't from a clinical background, he was a graduate of the NHS Leadership Academy. The current CEO, Professor Wood, is committed to clinical leadership and developing the leadership capacity of clinicians. In general, the senior leadership team benefits from having a range of experience, says Clare. "You work collaboratively to make the best for patients."

The Oakwood Surgery in Doncaster had 5,619 patients on its list in 2019-20. There are two GP partner-owners and two non-partner GPs. The surgery also employs a physician associate, a clinical pharmacist and two nurses. The surgery has a practice manager who runs the practice day-to-day, including managing most of the staff. There is also a secretary and eight reception, administration and allied staff.

Oakwood Surgery is a consistently good performer in CQC inspections. In scores under the NHS's Quality and Outcomes Framework, it scores close to the maximum. Now it has expansion plans and is in the process of merging with a less successful local practice. Good leadership and management underpin the surgery's success. GP partner Dean Eggitt says that they provide "gold-standard care

on a faded-bronze budget. I say to my team regularly in the morning, what I ask of you guys is to not worry about capacity. Capacity isn't your problem; your problem is quality. You're brilliant... the patients love you... it's your role to provide quality care when a patient contacts you. Keep doing that."

OPEN COMMUNICATION AND COLLABORATIVE RELATIONSHIPS

Good leadership is "99.99%, about communication and relationships," says Dean. These are foundational to a collaborative workplace culture. He believes that leaders need to be able to accept criticism and be willing to adapt in the face of it. "Part of being a leader is learning how to interpret that information and do something positive with it."

ONE TEAM

The "single team" ethic is at the core of Dean and his partner's vision for the practice and how best to deliver healthcare. "We do not work in anything close to a silo here, we just have a team where we recognise each other's strengths and weaknesses." For example, the front of house team is incredibly flexible, says Dean. "They can solve most of the problems before they even get to me, because they understand the rest of the system."

FLAT STRUCTURE

The surgery has put in place a flat structure. Every morning the team meets before opening the doors. "We ask how everyone is. We ask what the theme was from yesterday, if there's anything that we need to be aware of and challenges." People flag up any issues that they think might cause a hiccup, and "we solve it as a team. We talk about how to tackle the challenge for the day."

These changes didn't happen overnight. There have been staff changes; new staff members have come in who slot more easily into the surgery's culture. "It's been an evolutionary process," Dean admits.

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RECOMMENDATIONS TO POLICY-MAKERS

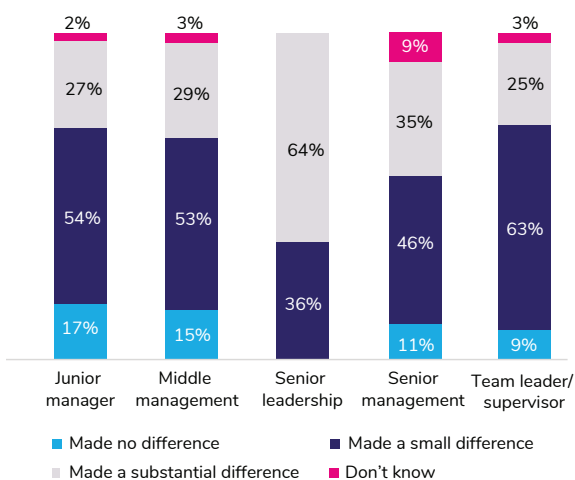
FIVE WAYS TO DRIVE BEST MANAGEMENT AND LEADERSHIP PRACTICE IN THE NHS

High-quality leadership and management can transform healthcare. To make the NHS one of the leading healthcare systems in the world, we need to spread best practices across the NHS.

But the survey underpinning this report found a number of gaps in the training of leaders and managers in the NHS:

- Some 21% of senior leaders, and 39% of leaders and managers in the healthcare sector as a whole, did not have any leadership or management qualifications. The picture is worse among more junior managers.
- Many respondents reported that, while leadership and management training took place in their organisations, much of it was short and unaccredited, again, particularly so for those in more junior roles.

Figure 11: Whether leadership and management training made a difference



Source: SMF Opinion Survey March-April 2023

HOW DO WE EFFECT CHANGE?

First, we need to build up a picture of the quality of leadership and management across the NHS – and then monitor it. Then we need to make sure there are robust mechanisms in place for driving improvements in leadership and management in order to spread best practice. And we need to make sure that staffing levels are adequate to absorb people taking time out to train.

SO WE ARE MAKING THESE FIVE RECOMMENDATIONS:

- 1 Broaden the CQC’s “well-led” category for inspections so that it includes a detailed review of the management practices, training and leadership pipelines of the organisations it inspects.
- 2 Establish a set of benchmarks for judging good leadership and management that the CQC can use in their assessment of whether or not an organisation is “well-led”.
- 3 Mandate in-work leadership and management training requirements across the NHS and primary care for managers and leaders.
- 4 Mandate NHS England to establish a compulsory national excellence framework for the minimum in-work leadership and management training requirements.
- 5 Pilot workplace democracy in the NHS in under-performing trusts.

This report was produced in partnership with the Social Market Foundation. The Foundation's main activity is to commission and publish original papers by independent academics and other experts on key topics in the economic and social fields, with a view to stimulating public discussion on the performance of markets and the social framework within which they operate. The Foundation is a registered charity (1000971) and a company limited by guarantee. It is independent of any political party or group and is funded predominantly through sponsorship of research and public policy debates. The views expressed in this publication are those of the authors, and these do not necessarily reflect the views of the Social Market Foundation.

The Chartered Management Institute (CMI) is the professional body for managers and leaders, with a membership community of more than 200,000 aspiring and practising managers. More than 150,000 people are currently studying on a CMI management and leadership programme. The CMI's Royal Charter defines its charitable mission as increasing the number and standard of professionally qualified managers and leaders.

We would like to thank the interviewees who took part in our case studies: Karen James OBE (chief executive of Tameside and Glossop Integrated Care NHS Foundation Trust); Kathryn Gaskell do Carmo (divisional director of nursing and interim divisional director of operations medicine and urgent care); Professor Philip Wood (chief executive at Leeds Teaching Hospitals NHS Trust); Clare Smith (chief operating officer of LTHT); Dr Dean Eggitt (managing partner at Oakwood Surgery). Our thanks also to the seven experts who participated in the Leadership and Management in Healthcare roundtable in March 2023; the 292 healthcare respondents who took part in the survey about leadership and management in the public sector; Adam Drummond, Oliver White and Calum Weir at Opinium; the six public-sector management experts who spoke with the SMF early on in this project to help identify key issues of concern; and Zeki Dolen and Richa Kapoor, SMF's events and communications intern and impact officer.

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