

To: The Board

For meeting on: 22 March 2016

Agenda item: 6

Report by: Sir Peter Carr, Vice Chairman of the NHS Trust Development Authority NHS TDA

Report on: The NHS Partnership with Virginia Mason Institute

Introduction

1. The NHS Partnership with Virginia Mason Institute (VMI) was launched last year by the NHS TDA and is set to run for five years involving five NHS Trusts. The purpose of this paper is to explain the programme and its significance and the importance of securing an effective transition into NHS Improvement.
2. The Board is asked to:
 - note the context within which the partnership was conceived, the details of how it has been set up and the progress made so far; and
 - acknowledge the alignment with NHS Improvement's objectives and re-affirm NHS Improvement's commitment to the partnership as well as agree the suggested actions aimed at supporting an effective transition.

Context for the program

3. The publication of the Francis report in 2013 and the subsequent creation of the Chief Inspector for Hospitals engendered a very significant paradigm shift in hospital management towards the prioritisation of improving quality over controlling cost. This shift coincided with the end of historic levels of growth for the NHS and the removal of system management by Strategic Health Authorities and its replacement by a dispersed system leadership model prompted by the Health and Social Care Act 2012.
4. In response to the resulting chronic financial difficulties, there has been an attempt by the centre to recalibrate the balance between quality and cost through national policy such as the Carter review and the agency staff

controls. Alongside this, system leadership is being strengthened and simplified through the creation of NHS Improvement and the joint work around Sustainability and Transformation Plans (STPs).

5. The essential challenge for the NHS, to improve quality within the resources available is becoming ever tougher and more complex. At provider level, learning from the best domestically and internationally, suggests the key lies in organisations having an improvement method backed by the leadership team within a culture of learning. That is why the Secretary of State and NHS TDA created a unique partnership to support five NHS Trusts to learn, adopt and embed a method of continuous improvement. Virginia Mason Institute was selected following a competitive process.

The NHS partnership with Virginia Mason Institute (VMI)

6. Virginia Mason, founded in 1920, is a nonprofit organisation offering a system of integrated health and related services in Seattle. Spread across nine locations in the city, it includes a 336 bed acute care hospital, with over 5,500 employees and a \$1billion turnover. Gary Kaplan MD, serves as Chairman and CEO.
7. At the turn of the millennium they were facing economic challenges as well as concerns around quality and safety of care. In searching for a management method they were influenced by (the Seattle based) Boeing's adoption of lean methodology, to look at the Toyota Production System in Japan. The result was an epiphany about the potential for applying the key principles of 'lean' management to healthcare which led to the creation of the Virginia Mason Production System (VMPS). VMPS is a whole system management method based on systematic use of lean techniques to continuously improve quality and safety, eliminating waste and reducing cost.
8. The impact has been transformative with Virginia Mason consistently named amongst the top hospitals in the United States (US) by the Leapfrog group¹, including Hospital of The decade in 2010. In 2008 in response to the interest in their journey, the Virginia Mason Institute was created to coach and support organisations.
9. Announced in July 2015 by Secretary of State, the partnership is between five NHS Trusts and VMI over five years. There was overwhelming interest in taking part and the Trusts were carefully selected from 62 applications, demonstrating their suitability across a range of key characteristics, such as Board level commitment.
10. The Trusts selected cover a broad range of scale, geography and service challenges; **Barking, Havering and Redbridge University Hospitals NHS Trust, Leeds Teaching Hospitals NHS Trust, Surrey and Sussex**

¹ The Leapfrog Hospital Survey is the US's premier hospital evaluation tool. The survey provides consumers and health care purchasers with up-to-date assessments of more than 1,200 participating hospitals.

Healthcare NHS Trust, The Shrewsbury and Telford Hospital NHS Trust and University Hospitals Coventry and Warwickshire NHS Trust.

11. Key elements of the partnership include:

- **creating the infrastructure** - intensive training in the method (from advanced training to certify a small number of staff, to 'daily lean management' training for a broader set of leaders) and access to licensed materials
- **applying the method** – hands on coaching in the application of the method (eg in running Rapid Process Improvement Workshops - 'RPIWs').
- **sustaining the results** – ongoing mentoring as well as expert support with creating the cultural conditions for the method to embed and become a 'management system' – ie 'the way things are done'. For example the creation of 'compacts' that clarify reciprocal expectations of an organisation and its staff, as a tool to build trust and strengthen relationships

12. Eventually the five Trusts will be able to deliver the training to their own staff and build a sustainable culture of continuous improvement. The broader objective is for these organisations to become exemplars and to look to spread transferable learning across the system. Having a cohort of Trusts enables them to support and drive each other as well as, in aggregate, to offer insights and learning to the broader system that equate to more than the sum of their parts.

13. The programme is about building capacity and capability for the long term with continual incremental changes. Although initial gains are able to be made by application of the method, broader results will take time and effort to deliver as the process gradually embeds across the organisations. Virginia Mason themselves are still on that journey of continuous improvement over 10 years on.

Overview of progress so far

14. All Trusts have, with the support and coaching of VMI, established 'Guiding Teams' to drive their work and a Transformation Guiding Board has been created to bring all the Trusts together with the NHS TDA/NHS Improvement to provide overall direction and oversight. Each Trust leadership team has undergone an orientation with VMI.

15. A small core group of staff in each Trust have undergone advanced lean training and are working towards certification. The Trusts have selected their first 'value streams' for the initial deployment of the method. Individually these relate to small areas of business but across the five Trusts cover a broad range of issues facing the service, right across the pathway – eg cardiology, sepsis, outpatients, discharge.

16. The first RPIW weeks, run in the Trusts with hands-on support from VMI staff, have shown the potential gains to be made from empowering staff across disciplines to focus on solutions from the patient's perspective, free of the usual hierarchies. Importantly, rather than importing 'VMPS', Trusts are introducing their own management system eg 'the Leeds way'. This local ownership is key to engaging and enthusing staff and communities.
17. To help create the environment to support the work, a vision and compact has been created between the NHS TDA and the five Trusts, supported by VMI's partner, Amicus, to help re-orientate the traditional accountability relationship towards a more mature collective leadership with explicit collective responsibilities (see Annex A). The next step is for Trusts to look at co-creating compacts with their own staff, developing clear, fair and transparent expectations that are aligned with the aim of care improvement and organisational transformation.

Alignment with NHS Improvement's aims and objectives

18. *'Implementing the Forward View: supporting providers to deliver'* (referred to as the 'provider roadmap') set out the task for provider boards and how NHS Improvement and other bodies will support them. The key elements are well aligned to this partnership:
 - **Delivering the provider task to 2020** – the challenges envisaged in the Carter report are fundamentally about reducing variation and eliminating waste, whether in procurement or medicines management. This principle is at the heart of the method the Trusts are learning.
 - **Building capability for the task** – the provider road map emphasises the correlation between staff engagement and organisational performance. The partnership has a strong focus on training and engagement of staff alongside support for understanding, building and measuring culture change.
 - **Developing a new oversight model and fostering the right relationships** – the compact created between the NHS TDA and the five Trusts is an attempt to develop a relationship that transcends traditional hierarchical structures in pursuit of common goals. There is already emerging work to use the learning from that to support a similar type of agreement across system partners in Shrewsbury around the STPs.
 - **Fostering openness and transparency** – Virginia Mason used their management system to create an aviation-style system of 'no blame' reporting and learning in 2004. Now a new Healthcare Safety Investigation Branch to be led by NHS Improvement, aims to introduce a similar system to the NHS.

- **Developing NHS Improvement's culture** – NHS Improvement's stated aim is to embed continuous improvement as a principle of how it works. This program provides a real opportunity to help do that, both in getting the support right for these Trusts but also taking the learning from the program and the method used into NHS Improvement itself.

Transitioning the program into NHS Improvement

19. The King's Fund recent report, *Improving Quality in the NHS*, rehearses why improvement programmes so often fail; lack of board commitment, lack of leadership continuity, changes in organisational structure, lack of patience in seeing improvements and the unwillingness to learn from failures. A previous partnership in the North East with Virginia Mason was hampered by structural changes.

20. At this early stage in the program, the move of Monitor and NHS TDA into NHS Improvement is therefore a potential risk to be managed. However, NHS Improvement's broader remit also represents a positive opportunity with the partnership residing in the new Improvement Directorate. To support an effective transition and taking into account the views from the leadership of the five Trusts the following are suggested:

- ensure the **close involvement and support from senior leaders in NHS Improvement** – nationally and locally - and continue to build on the sense of collective leadership that has emerged positively across the Trusts and NHS TDA;
- foster the **understanding and commitment to the partnership from NHS Improvement's Non-Executives** – a Board development session and the aligning of the NHSI NEDs with each of the five Trusts would help to cement this;
- **transplant the compact** created between the NHS TDA and the five Trusts into a compact between NHS Improvement and the Trusts, keeping faith with the commitments made. That work could also be used to help inform and support NHS Improvement in forging its relationships with other Trusts as well as broader system partners; and
- **continue to support the Trusts to engage stakeholders in the work nationally and locally**, building understanding and advocacy to help shape the wider environment for the Trusts to have the best chance of success.

Conclusion and recommendation

21. A new approach is needed. This partnership epitomises that need to think and to act differently, to:
- look beyond the usual political and managerial cycles;

- put faith and backing behind talented and committed professionals, giving them the tools and the space to deliver; and
- recognise we won't get it right all the time everywhere, hold our nerve and learn where we don't, rather than blame.

22. Beyond the Trusts, the potential benefits extend to NHS Improvement itself and the wider system. NHS Improvement's continued commitment and support is both important in of itself but also for the wider signal it sends about the aspirations in the provider road map.

The Board is asked to:

- note the context within which the NHS partnership with Virginia Mason was conceived, the details of how it has been set up and the progress made so far; and
- acknowledge the alignment with NHS Improvement's objectives and re-affirm NHS Improvement's commitment to the partnership as well as agree the suggested actions aimed at supporting an effective transition.

Public Sector Equality Duty:

Monitor has a duty under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people from different groups. The Act protects against discrimination on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, gender and sexual orientation. We have thought about how the issues dealt with in this paper might affect protected groups.

We believe the paper will not have any adverse impact upon these groups and that Monitor has fulfilled its duty under the Act.

Exempt information:

None of this report is exempt from publication under the Freedom of Information Act 2000.