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**To:** All Chief Executives of Primary Care Trusts in England  
All Chief Executives of NHS Trusts in England  
All Chief Executives of NHS Foundation Trusts in England  
**CC:** All Chief Executives of Strategic Health Authorities in England  
All Chairs of Strategic Health Authorities in England,  
All Chairs of Primary Care Trusts in England  
All Chairs of NHS Trusts in England  
All Chairs of NHS Foundation Trusts in England  
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**Dear Colleague**

### **Implementing the Next Stage Review visions: the quality and productivity challenge**

In my recent Annual Report, I described the challenge of delivering our commitment to a service with quality as its organising principle through a period of significant financial challenge. I am writing to ask your Board to contribute to thinking on this challenge and the role of Quality, Innovation, Productivity and Prevention (QIPP) in our collective response. Alongside our response to pandemic flu, this is the most important challenge facing the NHS for the foreseeable future.

Let me be clear from the outset that this is a challenge for the whole NHS system. It is absolutely not something we can address through a national programme or a set of top-down initiatives. The real changes we seek will be designed and delivered locally with the centre playing an enabling role. Meeting the challenge is central to the role of every NHS leader and every NHS Board. In short, this is your day job.

A year ago I set out four principles to guide the implementation of the NHS Next Stage Review (NSR), based on evidence of what makes large scale change efforts successful and the success of the review process itself. The principles of co-production, subsidiarity, clinical leadership and system alignment have become a really important part of the way we do business. These principles will be more, not less, important as we confront the challenge of delivering the NSR visions in a tighter financial climate; so I am determined that they will remain at the heart of our approach.

Another important lesson from the NSR is the need to take an evidence-based approach to the QIPP challenge. There are lots of really powerful examples around of things we can do to improve quality whilst improving productivity, and of how we can use innovation to drive and embed change. The examples that have really struck me recently include:

- The National Audit Office showing that our success in reducing healthcare-associated infections has saved up to £143m, as well as significantly improving the quality and safety of care across the NHS.
- The recent NHS Improvement report on transforming inpatient cancer care which highlights a set of simple improvements which could save up to a million bed days if implemented across the NHS. Innovation, in short, can be a major driver of quality and productivity improvements.
- The Productive Ward initiative which has helped staff across the acute sector to significantly increase the proportion of their time spent on direct patient care. Programmes of this kind help to improve the efficiency of clinical teams while improving quality and patient experience.

So it is by engaging across the system, mobilising the clinical community and focussing on the evidence that we will develop and prioritise our response to the challenge ahead. There are four particular elements of this challenge that we all need to consider:

### **1. Being clear about what actions need to be taken and whether some of those actions need to be organised at larger scale**

Being true to the principle of subsidiarity means we need to reach a shared understanding of what actions need to be prioritised at each level of the system i.e. at team, local, regional and national level. Given the scale of the challenge and the timescale, it seems likely that some of the programmes of action necessary need to be organised at a scale above local health systems to avoid unnecessary reinvention and make best use of scarce implementation resources. In other words, what are the things we need to do once, and what are the things we need to do 10 or 152 times?

You will already be involved in developing work at a regional level building on regional visions and this is clearly critical. Are you well enough engaged in the work across your region?

Some types of organisations are developing networks across the country to support shared approaches to change. Are you engaged with these processes and how could they be used to support responses to this challenge at scale?

Are some issues so pressing that they require the organisation of national programmes of change? Could this be done in a way that was consistent with the change principles if we decided that we all want to work together to create and lead some national programmes of change - or would this inevitably simply feel like top down imposition?

However change is organised, we need to ensure there is the capacity and capability in terms of people with the right time, skills and support to properly support the scale and pace of change required. We would welcome views on how best this capacity should be developed and how national structures like the NHS Institute for Innovation and Improvement can best support your work.

## **2. Getting the right leadership focus and behaviours to address this challenge at every level of the system**

At national level, we have taken steps to ensure we have the capacity to focus on the challenge. That is why I recently appointed Jim Easton as National Director for Improvement and Efficiency, and it is why I have re-focussed the NHS Management Board to spend more time on improvement and efficiency. As chair of the National Quality Board, I will also be ensuring that this key group has a role in overseeing and challenging our approach.

But what happens nationally is only a small part of the picture. The real changes must be driven locally with the centre playing an enabling role. I would ask you to consider whether you have the right leadership focus in place in your organisation and across the local system.

Great clinical leadership is fundamental to this. Sustainable health systems are created when clinical leaders are empowered to bring about transformational change supported by managers who back good ideas, remove blockages to progress and provide support. NHS Boards should be seeking assurance that clinical leaders are being supported to drive change not just in their own organisation but also across organisational boundaries.

I have also been spending time with the NHS Management Board working on the leadership behaviours that will best enable us to meet this challenge. These are not necessarily the same as those that led us to be successful in the recent period of growth and delivery of key central objectives. Whilst there is no single prescription for this I would ask you to reflect on how you are developing your Board and the key leaders within your organisation and across the local community to be best equipped for this work. Again I know of many examples of excellent local practice and that SHAs are already working with you on these issues.

I would also welcome any feedback on the leadership signals we are sending nationally.

## **3. Engaging properly with staff, partners and the public in this challenge**

Have you got a clear narrative about what this challenge means for your organisation and how you are going to respond in a way that makes sense to staff, partners and the public you serve?

Are you using this narrative to develop the conversation with staff, partners and the public to listen to their views and to enlist their help in making the changes? Some organisations now have sophisticated systems for really listening and really engaging. As we enter a period of change, those organisations which do not have such systems will need to learn from the best and raise their game in this area.

We also need to ensure we are working effectively with key partners, including industry and the independent sector, on these issues. For example, Local Authority partners are already experiencing these challenges which presents both risks to

effective joint working and more importantly significant opportunities to find joint solutions.

What should we be doing nationally to assist this engagement? In particular, are there key national relationships with partners and stakeholders that you think need particular attention to support your work?

#### **4. Being clear about what changes you think are necessary to the national policy framework to support your work**

We have a strong overall policy framework set out in High Quality Care for All and now secured through the Constitution which will continue. Indeed, the urgency of the challenge we face means we will need to go further, faster in many areas. I would like to seek suggestions about the things we should prioritise in order to remove obstacles and support your progress.

I know people are already considering issues such as how tariffs and other payment mechanisms could better support and incentivise new service models that enhance quality and productivity; how the next stages of provider and commissioner development need to support organisations being best placed to respond; how key national negotiations on pay and procurement need to be shaped; and how choice and contestability should be best harnessed to deliver these objectives.

This list is far from exhaustive and we need to be cautious about instigating too much time and energy consuming policy change at the expense of real change on the ground. However, it is clear that some changes will be essential to support your work and I welcome your views on areas where change would be beneficial.

#### **Taking this forward**

I hope this is helpful in outlining some of the key challenges for NHS Boards and the issues where we all need to engage. There are several things that Boards can do to take this work forward in the next few weeks:

- Ensure that you are actively considering the four key challenges set out above. I know that in many parts of the country this work has already started. There would be particular value in Boards considering these questions together in local health economies, because it is already clear that many of the most significant quality and productivity opportunities lie in the interfaces between organisations;
- Feed your conclusions into your local and regional processes for tackling this challenge. Strategic Health Authorities will coordinate engagement and planning at regional level where necessary; and
- Feed back to us directly on issues which you think need to be taken forward at national level. This may include potential changes to national policy; areas where you think national change programmes may be needed; or ways in which we can support and enable this work at national level. These views will

inform the Operating Framework in the autumn and we will be discussing these issues with national stakeholders. You can send views to [QIPPChallenge@dh.gsi.gov.uk](mailto:QIPPChallenge@dh.gsi.gov.uk).

I look forward to hearing from many of you on these issues, which are critical to delivering our shared goal of high quality care for all.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Nicholson', with a long horizontal stroke extending to the right.

**David Nicholson CBE**  
NHS Chief Executive