

Revised March 1990

From the Secretary

FUND STRATEGY

1. The next decade is going to be a time of fast change and great stress in health care in this country - in London particularly. Whether the results will be good or bad is a speculative question, on which people strongly disagree with one another, and there is as yet little firm evidence either way. But the outcome can be influenced, by seizing opportunities and learning from mistakes. The collection and sifting of evidence (including technology assessment and medical audit) are going to be important. So is the maintenance of morale - and of public confidence - while encouraging people to experiment. NHS recruitment will be crucial, especially in nursing, as will be support for informal carers, without whom any formal health and social services would be overwhelmed.
2. Against this background there is no doubt about the Fund's relevance. It is trusted and respected within the NHS and the other relevant services, by a range of consumer organisations and by the medical and nursing professions. It is one of the few independent organisations around and has a reputation for quality. Whatever its imperfections, it has quite a track record of achievements, and is on an upbeat rather than a downbeat. It has substantial change management skills, which are particularly relevant in a period of great turbulence and transformation in health and related services.
3. There are, however, real constraints, which we ignore at our peril. We can easily become overstretched: the greater our success, the greater the danger. Given the need to select, there may also be a tendency to play safe, to avoid risk, and that would be hard to forgive when there is so much at stake, and a need to look beyond the conventional wisdom of the moment. Then, the terms of our Act of Incorporation constitute a constraint: London has to be the bull's eye of our target. Moreover we must never forget that we are in the highly privileged (if at times frustrating) position of having virtually no direct authority: we can facilitate, advise and warn, but in the end it is others who have to take clinical, managerial and political responsibility.

#### OUR OBJECTIVES

4. Part of our problem (and opportunity) is that we have more than one objective, ie to:-
  - o Secure for Londoners the best health and health care that we can, in the short and the long term, taking account of the views of users and of expert opinion
  - o Assist the NHS and associated services nationally (not only in London) during a period of almost unparalleled change and adaptation, with an eye firmly on quality of care, including effectiveness, equity and efficiency
  - o Articulate an authoritative, independent voice about health policy and practice
  - o Run the Fund itself in a way that maintains its capacity to respond to rapidly changing circumstances and satisfies high standards, is open to constructive external and internal criticism and is at once testing and satisfying to work in

While these objectives are multiple, and the multiplicity may muddle us, they are by no means necessarily irreconcilable.

Many other organisations have missions similar to our own - for example several other Foundations and some academic centres might subscribe to these objectives with little change. What makes the Fund unique is the way we do our work, the development approaches that we pursue, which are described in paragraph 7.

#### CRITERIA FOR STRATEGIC CHOICE

5. Because we are confronted (like the health services that we exist to help) by potential demands for beyond our resources, we have to make choices, and these are going to become harder rather than easier. Criteria that may help us are:-
  - 5.1. Consistency with the Fund's mission.

There may be good reasons to reach far outside London (eg to learn, and to avoid taking a blinkered, parochial view) but we have to satisfy ourselves that London is at the centre of our efforts, and that our efforts in London are properly focussed.

5.2. Relevance to the main health problems of the next decade, eg

- inequity, with particular concern for those least able to help themselves
- lack of autonomy, or adequate choice for individual users, communities, and (so long as their choices are defensible in the interests of patients and the public) for the professions and for managers
- questionable effectiveness, implying the need constantly to probe likely and actual results and (in the broadest sense) value for money
- failure to adapt fast enough, for example in response to changes in medical technology and opportunities to transfer tasks from hospital to primary care
- poor recruitment, retention and morale within the NHS and other agencies

5.3. Particular appropriateness for the Fund. This is a restatement and extension of the Hussey Test. Can others do it, if we do not? Is there some special reason why we ought to do it, or would do it better than others? Will it overstretch us?

5.4. Leverage. Does it mobilise extra resources? May it have outstanding impact?

5.5. Developmental opportunities for the Fund and the people in it

6. It is a strength of these criteria that they can be used at many different levels, from broad strategic choices for the whole Fund, to choices by staff within the Fund. It is the firm intention that the criteria should enhance autonomy and performance by individuals at all levels in managing their own activities on the Fund's behalf. They do not necessarily make choice easier for any of us, but they provide a framework for thinking and for dialogue.

HOW WELL ARE WE DOING ALREADY?

7. The Centre, College and Institute have all made valued contributions in their own fields. The College is the Flagship institution for management development in the NHS, with a distinctive approach to organisational and personal development. It has increasingly strong competition, but its influence and style have been seminal. The Centre has a long established role as a promoter of higher standards in a number of neglected

fields of patient care, and clearing-house for the exchange of information. More recently, under Barbara Stocking's leadership, it has substantially extended its range of activities on the delivery of health care (to 6 main projects, with considerable external funding support) and is showing through them an increasingly sophisticated approach to the processes of health service development. The Institute has become, in its relatively short life, a contributor to informed public debate, with a distinctive style and an independent stance. While there are many think tanks around, most of them wear explicit or implicit labels. The Institute does not serve any political interest and has managed to operate with integrity in the no man's land between research and journalism.

8. The Fund itself operates as a grantmaking Foundation and to some extent as a publisher. Its main grantmaking role is in London. It has (I think) quite a reasonable reputation among other similar foundations. Operating with the NHS (as well as with voluntary agencies) raises tough problems about how best to use relatively small sums of money. We are rather more satisfied with our largest and smallest grants than with the middle range, but I hope that we are learning all the time.
9. Overall, among those who know its work, the Fund commands considerable respect, and I believe that this has increased in recent years. For a variety of reasons such as the complexity of health care, the public and professional importance and sensitivity of the issues, the massive scale of the NHS and the fact that it is a governmental system, and the relative lack of other independent bodies, the King's Fund has an importance out of proportion to its size. On the whole, it manages to build and maintain bridges between very disparate groups, who do not trust each other but do trust the Fund.
10. That does not mean, however, that we are doing as well as we could. For example:
  - 10.1 We are not good at concentrating our resources across the Fund's parts to bring them to bear on issues that do not fit neatly into the way we are organised.
  - 10.2 Our contributions to London are quite diffuse, ranging from primary health care (through the London Programme) to a whole range of specific grants. Our overall impact on the London hospitals has to be recognised as small - even marginal - partly because our total grantmaking power is tiny relative to London's hospital expenditure. Could we do better?

- 10.3 As a grantmaker we still have a long way to go in developing our skills and making good use of the lessons from grant-assisted projects. (It should be said that this is a very common difficulty for grantmaking foundations).
- 10.4 Although we have strengthened our management skills and processes considerably, and they are probably exceptionally strong by the standards of charities, they are still quite fragile in personnel and management information. If we want to retain a strongly decentralised management approach, without unacceptable risks, a few things have to be under very firm control. I do not believe this need stifle initiative, rather the reverse.
- 10.5 We still have some way to go in managing the changing work force of the Fund. We recruit high calibre people, expect them to work hard and (by the standard of other charities) pay well. A high proportion stay for relatively short periods, and this is a good thing. But I am not convinced that enough of them would be as satisfied in retrospect with their time at the Fund as were excited by coming. One aspect of this is in equal opportunity where our intentions are good and our progress painfully slow.
- 10.6 Our use of committees is patchy. In general, we handle membership recruitment well, and attendance is high. It seems right in principle that every activity of the Fund should be under public scrutiny and governance, and the members of the committees (and of General Council) form part of our strong external networks. Nevertheless, there is an element of ritual about too much committee time. While recognising and protecting the strength of what we have, we need greater clarity about each committee's role, deeper understanding of the issues, and better interchange between what executives and non-executives are thinking.

#### WHERE SHOULD WE GO NEXT?

11. Since we are already doing quite well, and our help is going to be more needed in the next few years than ever, we would be unwise to change too much too quickly. We can, however, move experimentally to try to counteract our weaknesses without prejudicing our strengths. Thus:
- 11.1 We are clarifying our objectives in London and will concentrate our combined resources to achieve them. This will include a more considered diagnosis of trends, issues and problems in relation to health and health care in London, and production of a "London

Monitor". It will entail work on deprivation and homelessness. At the risk of attempting too much, we are also intending to offer substantially increased assistance on issues of survival, rationalisation and development in London's health services and medical education. To press this work forward, we will appoint a senior officer in the Fund to co-ordinate a number of Fund activities that relate to London, taking direct responsibility for some of them and maintaining close contact with others. This will be a "matrix management" appointment, with a budget and with authority to work across the Fund's traditional organisational boundaries.

- 11.2 Another major priority for the next few years will be providing assistance and monitoring trends in relation to the White Paper changes (including community care developments). A key part of the Fund's role will be to seek to understand, monitor and safeguard what is happening to health care standards and to health in Britain.
- 11.3 We have already resolved to see (during 1990) whether premises can be found to combine the Fund's parts on a single site. Financially, there is an unusual opportunity for a brief period, if we can find an appropriate, affordable location.
- 11.4 We will continue to develop our professionalism in grantmaking with particular emphasis on better targeting, better collaboration across the Fund, and better evaluation and diffusion. We should try to link our development activities and harness our development skills more firmly to our grantmaking. The Grants Committee and the Management Committee will continue to consider unsolicited applications. However, a rising proportion of their grantmaking will be on preselected themes.
- 11.5 While continuing to monitor the balance between expenditure on services and grants (1989 60:40, including internal rents in income and in departmental expenditure, or 51:49, excluding them), and seeking to protect and enhance the grants percentage, we should increasingly apply common standards of evaluation across both modes of operation. In other words, what matters ultimately is relevance and impact.
- 11.6 We will continue to strengthen our management of personnel, finance and other resources. We will keep the central control requirements as few and simple as possible, and make quite sure they are observed. The balance we are aiming to maintain between centralisation and decentralisation involves:

- o Decentralised responsibility for meeting agreed budget targets for income, expenditure and bottom-line result, with oversight by the principal committees, combined with Head Office and Management Committee monitoring
  - o Centralised personnel contracts documentation, payroll and setting of the rules, combined with decentralised recruitment, personnel appraisal and management within the rules. We need to build the central personnel function (quality rather than quantity) and develop further the Joint Staff Committee.
- 11.7 Recognising that the Fund is in its own way quite an exacting place to work, we shall be trying to invest imaginatively in individual and collective development. Ideas will be welcome from staff at all levels.
- 11.8 We shall be giving quite a lot of thought to the roles of the various committees, and how they can best discharge them, being prepared to experiment and learn in the process. This may imply, among other things, some substantial change to the ways in which the Management Committee uses its time, and how the Fund's main institutions report to it.

#### CONCLUSION

12. Seeking to respond to the urgent needs of hospitals and other health services, particularly in London, the Fund will continue to operate very much as it has in recent years, by picking able people, giving them something worthwhile to do, and backing them in doing it. In addition, however, we aim to sharpen our performance in several ways, concentrating our efforts better across the Fund. Specific activities will be subject to change in light of external circumstances, so the Fund's strategic stance will remain flexible and opportunistic, while seeking to take the steps indicated in paragraph 11 and thereby raise the Fund's performance a further notch at a time when our contribution is more than ever needed.

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