raising performance
through workforce
engagement

Engaging and Involving Employees at Circle

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Executive Summary

This case study shows the approach to engaging and involving employees at Circle. It describes the rationale for engaging and involving the workforce, the means by which this is done, and the impacts and benefits.

Circle background

Circle is a social enterprise delivering healthcare in the UK. It is co-owned by its employees, forming a partnership of clinicians and professionals.

It operates a number of independent sector treatment centres and hospitals

Engagement and Involvement

There are six broad strands to the approach to engagement and involvement developing at Circle.

- *Ownership*: Employee ownership aligns the interests of the workforce with those of the overall business, and is intended to encourage a greater sense of ownership of patient experience and outcomes. Employees recognised the performance incentive ownership can have, but also the cultural effect of partnership which makes all employees, regardless of their role, feel valued within the organisation.
- *Recruitment*: The recruitment process is designed to look for attitudes, behaviours and organisational fit. This helps select candidates who are willing to engage with and promote Circle ways of working.
- *Management and leadership*: Circle advocates clinical leadership and so doctors play a prominent role in the management and leadership of the organisation. This is believed to engage clinicians more fully in the design and delivery of services. Managers and line managers have responsibility for enabling, facilitating, developing and supporting their teams.
- *Decision making*: Information is shared widely and employees are granted considerable levels of autonomy and responsibility to make decisions to improve patient care. Employees are encouraged to take ownership of, and lead change.
- *Voice:* Employees used a variety of methods to express concerns and opinion. Collective and individual structures were in place across the sites, and employees reported feeling able to influence the decisions affecting their work. Employee voice was particularly encouraged in processes to improve services.
- *Reward*: Twice yearly performance appraisals determine employee rewards including pay and share allocation.

Impacts and benefits

- *Continuous improvement and innovation*: Employees, regardless of function, were engaged in improving patient experience and outcomes through continuous improvement.
- *Productivity*: Sites have seen regular productivity improvements, often as a result of redesigning services and patient pathways with the involvement of employees.
- *Patient care*: Data gathered from all patients shows high levels of patient satisfaction and good clinical outcomes.

Sustainability

- Many of the Circle sites are relatively new. Employees were closely involved and engaged during the set up phase. Maintaining this sense of engagement over time, and among new employees, could be challenging.
- The culture and the values of the organisation were firmly embedded, particularly among employees who had been employed from the beginning. There were some concerns that new employees would dilute the culture, but steps had been taken to roll out cultural inductions for all employees.

Conclusions

- Circle's approach to involvement and engagement is a significant innovation in UK healthcare.
- The approach is not distinctive because of its methodology, but because of the extent to which it is integral to the model of healthcare Circle delivers.
- The breadth and dept of engagement at Circle is considerable, and has impacted on performance, productivity, innovation and patient care across the sites.

1.0 About Circle

Circle is a healthcare social enterprise co-owned by its employees, forming a partnership of clinicians and professionals. Established as Centre for Clinical Excellence in February 2004, the company started out as a network of consultants. By October 2007 the company was renamed Circle and in 2007 gained its first premises through the acquisition of Nations Healthcare and their three NHS Independent Sector Treatment Centres, which still operate under Nations Healthcare branding.

Circle is looking to expand rapidly in the UK, with plans or contracts for 25-30 new healthcare facilities in the next 6 years. It opened its first new build hospital in March 2010 near Bath, primarily offering private healthcare services. It has five facilities in total ranging from a hand clinic to hospital and will operate at least two more in the next two years. In 2009 the annual turnover was approximately £80 million.

1.1 Company background

Circle was founded as a means of creating a new form of healthcare organisation. It emerged out of a critique of the disempowerment of consultants in many UK health organisations and their growing disconnection with patients. The founders created a structure similar to a professional services organisation where professionals and managers work together but consultants assume a greater role in the overall business. This structure is designed to facilitate clinical leadership, continuous improvement and peer to peer accountability. The founders of the organisation Massoud Fouladi and Ali Parsa spent time examining alternative models of healthcare organisations and were influenced by Kaiser Permanente, a US healthcare organisation based on similar principles.

Working with its early network of consultant partners, the company developed the Credo. This set of values, principles and objectives informs the development of the company, as well as the design of the services and day to day practice.

Potential employees are often asked about the Credo in their interviews, particularly as it relates to their values and professional practice; it also forms the basis of employee inductions and twice yearly performance appraisals.

The company does not recognise a union, but has developed pragmatic relationships with unions at their sites in order to meet the needs of seconded NHS employees who are covered by recognition agreements. Employees who may have to attend discipline and grievance meetings are invited to bring a representative from their union.

1.2 The Partnership

The company was originally founded as a network of consultant partners. These early partners were encouraged to commit a proportion of their private practice to Circle in return for the opportunity to help design and to own the hospital in which they worked. This proved an attractive offer and by 2007 Circle was made up of more than 2000 consultant partners.

Circle also extended the partnership offer to other staff groups, including clinical staff, administrative and support staff, and allied health professionals. According to Massoud Fouladi, the medical director, the decision to offer partnership to all employees involved directly or indirectly in clinical services reflected the changing nature of healthcare. Increasing patient expectations, greater use of complex technology and pressure for improved efficiency mean that achieving good outcomes involves more employees than ever before, from booking clerks to hospitality staff, nurses, porters, IT technicians and allied health professionals. Consultants are not able to deliver excellent healthcare alone, and this is reflected in the offer of partnership to all employees.

49.9 per cent of the company is owned by Circle Partnership Ltd which is owned by all partners (employees and doctors). Employees are provided with a loan by the partnership to purchase a fixed amount of shares upon their employment. After that, shares are allocated each year on the basis of performance and vested for a three year period to

The Circle Credo

We focus our efforts on:

- What we are passionate about.
- What we can become the best at.
- What principally drives our economic sustainability.

Principles
Our actions are measured by whether we successfully meet our three core values:

We are, above all, the agent of our patients. We aim to exceed our patients' expectations every time, so that we earn their trust and loyalty. We strive to continuously improve the quality and value of the care we give our patients.

We empower our people to do their best. Our people are our greatest asset. We should select them attentively and invest in them passionately. Because everyone matters, everyone who contributes should be a partner in everything we do. In return we expect partners to give patients all they can.

We are unrelenting in the pursuit of excellence. We embrace innovation and learn from our mistakes. We measure everything we do and share the data for all to judge. Pursuing our ambition to be the best healthcare provider is a never-ending process. Good enough never is.

encourage partners to take a long-term view. 50.1 per cent of the enterprise is owned by Circle International plc which is itself owned by a number of institutional investors and a number of founding partners who provided the initial capital. A sister company, Health Properties Ltd. works on behalf of Circle to raise money, find and develop sites.

2.0 Engagement and Involvement

Circle aims to distinguish itself in the health services market by creating an organisation capable of delivering exceptional patient care and patient satisfaction at a price competitive in the public and private health markets. To remain competitive while delivering the best care Circle services must operate with high levels of productivity and continuous improvement. It is their belief that much of this rests on the engagement and involvement of the workforce.

The four sites included in this study have developed varying approaches to the engagement and involvement of their workforces, reflecting their differing contexts. As a relatively new organisation, structures and processes for involvement are still evolving and the central organisation plays a role in facilitating learning between sites. The devolved management and decision making structure also encourages local variety and experimentation.

There are six broad strands to the approach to engagement and involvement developing at Circle. These strands are described and explored below with reference to the influence they have on the engagement of the workforce and its consequences for the services delivered by Circle.

2.1 Ownership

Employee ownership is intended to align the interests of the workforce with those of the overall business, and in particular to encourage a greater sense of ownership of patient experience and outcomes. Ownership, and the access to information and voice that flow from it, can also

Circle sites included in the study

Four sites were selected as the basis for this study. These cover the main centres of Circle's activities and include independent sector treatment centres and a private hospital.

Circle Bath

Circle Bath opened in March 2010 and was the first new build private hospital opened by Circle. The Foster + Partners designed hospital is unique in its presentation, following Circle's desire to deliver healthcare in settings that feel less like traditional hospitals to the patients. There are approximately 120 employees at the hospital, all of whom are directly employed by Circle. The hospital currently provides day case surgery, outpatient treatment and inpatient treatment and is continuing to expand its services.

The Midlands NHS Treatment Centre, Burton on Trent

Circle took over the Midlands Treatment Centre in 2007 when it acquired Nations Healthcare, one year into a five year contract. The ISTC is based on the site of Queen's Hospital Foundation Trust, Burton campus. It provides a range of services including day case surgery and outpatient services for pain management and ophthalmic treatment.

The centre employs approximately 120 people; 75 per cent are direct Circle employees, 25 per cent are seconded from the local NHS Trust.

Eccleshill NHS Treatment Centre

Circle took over the Eccleshill NHS Treatment Centre in 2007 when it acquired Nations Healthcare, two years into a five year contract. This was one of the first ISTCs opened in the UK and Nations Healthcare recruited most of the workforce directly. Doctors were provided through a service level agreement with Bradford NHS Foundation Trust.

When Circle took over the contract employees were given the opportunity to move onto Circle contracts, with the possibility of share ownership, or remain on Nations Healthcare contracts. There was some variation in holiday entitlements between the two. Approximately half the workforce transferred to Circle contracts.

The treatment centre provided day case surgery and employed approximately 50 people. The diagnostics unit, which largely consisted of radiology services, was contracted out to Alliance Medical who employed 25 people.

In 2010 the contract for Eccleshill NHS Treatment Centre was won by another private healthcare company, and the majority of the employees were TUPE transferred to the new employer in July. Employees on Circle contracts were allowed to keep their shares in Circle and all employees were given the opportunity to continue working for Circle at a different facility.

Nottingham NHS Treatment Centre

Circle took over the Nottingham NHS Treatment Centre in 2007 when it acquired Nations Healthcare. Although the original contract was signed by Nations Healthcare, the centre was not operational at the point of takeover. It opened in July 2008 and now provides day case surgery, diagnostics and outpatient services in a range of specialties. Approximately 160 people are employed by Circle, 450 are seconded from the Trust and a there is a pool of 700 NUH employees working on a Service Level agreement basis.

help engage the workforce in the strategic objectives and performance of the overall organisation, and not just their immediate area of work.

For some of the employees interviewed for this study, the value of share ownership was hard to appreciate, but for others, there was a clear sense in which it gave them a greater stake, responsibility and interest in the success of the organisation.

A health care assistant at Bath explained the value of share ownership to her, and described the way that it encouraged employees to maintain the facilities at Bath and pursue continuous improvement:

"It's more of an incentive to look after the hospital… to make it better than other hospitals - to make more people come to the hospital, but also ways to save money, so saying we don't really need this, or we'll scrap that. But to be honest, if you see something on the floor you don't walk past it, because you know it's your hospital, it's your money, you pick it up…that's what the whole hospital is about."

Employees also saw shares as an incentive to improve performance, and believed they rewarded hard work. But for others the greater value lay in the cultural impact of being 'partners', reporting a sense of inclusion and equality among the workforce. A member of a hospitality team typified this attitude when she said that share ownership made her feel "not just a number" but, "special; I am part of this" and that as a hospitality team they felt "we're as important as everyone else, and we're part of this."

A culture of partnership also gives scope to engage those members of staff who are not directly employed by Circle. The values behind the partnership, described in the Credo, were important in providing a common ground in which to engage Circle and NHS employees. Employees, particularly at Nottingham where the majority of the workforce were seconded from the NHS, recognised that differences in ownership and employers had the potential to create divisions and from that, disengagement. They had therefore worked to soften the divisions between the two groups of employees. The communications committee at Nottingham, for example, were explicit in their aim to develop a magazine that represented and reinforced the identity of the treatment centre, rather than Circle, to encourage a sense of ownership of the treatment centre among all employees, and not just those that were directly employed. They had also taken measures to ensure notices and literature was jointly NHS and Circle branded. A member of the committee summarised the role of the Credo in engaging the seconded employees.

"We're a private healthcare provider with a predominantly NHS workforce, so we haven't always got the fine balance when you're working with the seconded staff of how you actually engage them and communicate. If you go about it by beating them about the head with a stick – with the Credo – it'll never work, it's not their Credo. But just because you didn't chose to work for that company it doesn't mean that the Credo doesn't add value. Because the values behind the Credo should, as a human or as a professional, correspond to the job."

For the consultants the ownership was far more tangible. Groups of consultants were offered the opportunity to own, and often help design, their own hospital. Many would have the chance to sit on the executive board at that hospital and be able to shape the strategic direction. For Circle, engaging this group was particularly important. Firstly the business relies on consultants to bring their practice to Circle; the more committed the consultants are to the business, the more of their work they are likely to bring. Secondly, Circle wanted to create health services that were continuously improving, for which close clinical engagement was important. Finally, Circle wanted a service with clinical leadership, which meant tying consultants into all aspects of the business, not just their areas of practice as in many UK health services.

In Eccleshill, Nottingham and Burton, the NHS trusts in the locality have entered into an agreement with the ISTC to provide doctors to staff clinics. The doctors therefore remain wholly employed by the NHS trust, and do not hold shares in Circle. One Circle clinical director noted the difference in engaging these employees in the success of the business and service improvement, compared to the consultant owners who had a much closer involvement and alignment.

2.2 Recruitment

As the company develops, a distinct approach to recruitment is emerging that plays an important part in building an engaged workforce. In several ISTCs Circle still employ significant numbers of seconded NHS employees, and therefore had little or no role in their selection. However, the company has recruited employees directly in all ISTCs to varying extents, as well as at the Bath hospital, where they recruited the entire workforce directly.

In recruiting employees for the Bath hospital the decision was made to place greater emphasis on attitude, behaviour and organisational fit, rather than simply experience. In part, those leading the recruitment were looking to create a very different type of hospital and therefore, particularly among the support staff, past experience in healthcare was less important. The leader of the hospitality service, for example, was recruited from the hotel industry to bring best practice from that area. Preliminary recruitment events emphasised the values of the organisation and the vision of the company. Interviews were carried out by a variety of Circle employees, some brought in from other sites, to help identify those candidates they believed would fit within the Circle culture. A novel form of "speed dating" was used to put as many people in front of several Circle partners as possible in the most effective way. By focusing on values, and the values fit between candidates and the organisation, Circle were selecting a workforce more amenable to engagement and more willing to promote and develop the preferred ways of working at Circle.

In cases where deep knowledge of healthcare was necessary, candidates were assessed for experience, but also had to meet the attitudinal requirements for selection. The nurse lead at Bath, who was heavily involved in the recruitment process, said they looked carefully for

candidates "who wanted something different", who often felt limited by their current working environments and ways of working, and were looking to change practice and create higher standards of care.

The recruitment process made clear that Circle expected a greater level of contribution and participation from employees than many other workplaces. In return, employees would have the opportunity to shape the services they delivered and to play a substantive role in improving patient care and the employee experience. For many of the clinical staff interviewed for this study, particularly those working previously in large public health institutions, this was an attractive offer.

Other sites have since adopted similar approaches to recruitment, learning from Bath's experience. Team leaders also reported looking to recruit employees who would go beyond the immediate demands of their job. One gateway coordinator described her approach to recruiting new members of her team; "For me it doesn't matter, (the lack of experience) as long as they've got the personality, they'll fit with Circle and they'll go the extra mile for patients".

2.3 Management and leadership

In creating Circle the founding partners aimed to build a health care company based on the model of a professional services organisation. In such structures, there is very little power held at the centre, but rather each business unit, led by a partner, is responsible for its own business performance and a proportion of the success of the overall organisation. In this model it is recognised that superior performance, whether through discretionary effort, innovation or continuous improvement, cannot be compelled from the centre, and moreover, command and control approaches to management can lead to the professionals disengaging and withdrawing their good will, with consequences for patient care. By removing the power of the central bureaucracy and leadership, employees are not engaged in fulfilling their demands, but rather directly in the service improvement that leads to better patient care.

It is this insight, drawn from other business sectors and some innovative health organisations, that has helped to inform the approach to leadership at Circle. The company is moving towards a model of dispersed leadership, with each clinical unit empowered to take decisions about their practice. Different sites are at different levels of development in this regard, depending on the number of Circle consultants employed there and their availability to spend time in the unit. The company aspires to clinical leadership, but recognises that engaging clinicians effectively will require a very different model of leadership to that typically seen in UK health service settings.

To support senior leadership development, Circle developed the Academy; a two year programme of training for clinical leaders that aims to provide the skills necessary for managing a business unit. This includes, for example, financial management, HR, and regulatory training. The programme was trialled at Nottingham, where the clinical unit model is most developed, and has since been rolled out to Bath.

Engaging clinical staff in leadership and management roles can be challenging, as one clinical lead acknowledged. For consultants, spending less time on clinical duties can be less financially lucrative, and is often a departure from past experience and the typical career path of UK doctors today. For nursing staff and allied health professionals too, management responsibilities are often quite different to previous NHS experience. The level of involvement and participation expected of even first line clinical managers meant that a greater proportion of their time was spent on management. A nurse lead at Nottingham estimated that she spent 80 per cent of her time on management duties at Circle. At Nottingham a training programme, echoing that of the Academy, has been developed to provide the nurse leads and allied health professional leads with the skills necessary for the role, including regulation, risk management, financial management, self management, HR, law, team management and change management.

Although training for managers varies across sites and roles, a fairly consistent understanding of management emerged from the interviews conducted for this study. Employees spoke of managers as facilitators, supporters and enablers with responsibility for developing their teams and helping employees to fulfil their capabilities. Interviewees consistently spoke of a lack of hierarchy, and a visibility and approachability among line managers and senior managers.

For employees who had previously worked in large NHS institutions the approach to management at Circle has been one of the most significant contrasts. Knowing managers and being known by them was seen as important in helping to make employees feel valued and encouraging communication. Although employees interviewed at Nottingham commented on the approachability of the senior management, it is significant that employees had given feedback that they wanted senior managers not just to be visible, but to know the employees and acknowledge their successes. One nurse at Eccleshill described the contrast in approaches:

"In the big hospitals managers are faceless; they just don't have the time. Here, everyone knows everyone, they know your first name, they ask about your family, they ask about your interests… it isn't just work based. If I have a problem I can always take it to them, but in the NHS you have to go and knock on a door, and you don't even know who they are."

Those employees who had had management roles in other health organisations had also found the change of approach challenging. A theatre manager explained:

"As a manager, I found that quite hard at the beginning – to delegate and not control…because that's the sort of thing NHS managers do – they control their area. Where as this is completely the opposite and I still have to think how I'm managing even now."

Although the company is aiming to build leadership capacity throughout the organisation, the chief executive and medical director still play an important part in the engaging the workforce, particularly in the long-term vision of the organisation. The chief executive is very visible and

accessible to employees, frequently visiting the sites. When Circle lost the contract at Eccleshill, for example, the chief executive arrived at the site to explain the situation to the employees. Employees reported that this had made them feel valued.

2.4 Decision making

Circle's efforts to build management and leadership capacity are also intended to enable devolved decision making. Circle's medical director argues that in an organisation providing highly specialised and diverse services, the central bureaucracy and senior leadership are unlikely to be able to provide solutions to the problems that occur in the day to day delivery of that service. Therefore, the people that are delivering the service must have the information, skills and support to be able to make informed decisions to improve services and patient care.

Decision making in this model is devolved twice; firstly to the clinical unit, and secondly to the individual. This was emphasised by the medical director who said, "I think the heart of our agenda is to get everyone in that clinical unit feeling one day that they have absolute power to make the right decisions."

Employees are granted considerable levels of autonomy and discretion over their work, but in order to be able to make decisions that are likely to advance the interests of the team, unit, site and company, they must be closely engaged and have a good understanding of the goals and performance. Therefore, one general manager explained, the presumption was that all information should be shared unless there is a good reason not to. Patient feedback, performance target results and financial performance information are shared regularly with most employees along with the company and site objectives. Although not all sites yet operate on a clinical unit model, the culture of individual decision making was broadly embedded across all sites.

Managers were keenly aware that their role was to encourage and empower employees to take decisions. They believed that only by creating a culture in which mistakes could be made, and risks taken, would employees feel comfortable taking decisions. The nurse lead at Bath, for example, clearly saw her role as encouraging people to find solutions and make decisions. For her, the act of decision making and advocating change among colleagues further empowered employees;

"It is so disempowering for people…I think it is probably easier to say it's a manager, or we're going to do this because the manager said so, but they soon realise the power and respect they engender if they go in and say, 'guys, we're going to do this, and we believe this is the right thing to do.' If they don't believe it is the right thing to do then they should battle on and not allow it to be put in place until I and they come to an agreement. They should own it."

For some, this level of responsibility and autonomy could be unsettling, and managers at most sites acknowledged that there was still some progress to be made before all employees were confident in taking decisions. At the Midlands Centre, Service Improvement Teams have been put in place drawing together clinical and non-clinical staff to work together to improve services. Each team was allocated a senior manager to facilitate discussions, but crucially that manager was not from the service worked on by that team. In some teams, employees have found solutions, initiated trials, audited results and made recommendations for permanent changes in practice. However, in others, employees were still seeking approval from the facilitator and need encouragement to implement changes.

Where employees have been able to take on decision making roles, many have found it rewarding and empowering. At Nottingham, a communications committee was established in response to feedback from the employee survey which identified communication as an area of weakness. There was no internal communications team and so volunteers from a variety of roles were tasked with improving communications and given full responsibility for doing so, with the support of the general manager. The committee consulted employees on what communications would fit their working patterns and planned a programme of work. A number of initiatives were planned, beginning with a employee magazine. The committee engaged the wider workforce in the publication, holding email ballots on the title and first front cover. A member of the committee described the process of establishing the magazine and the discussions with the leadership and board:

"It has worked for me as an individual – they really do empower people to make decisions. I mean, working on this newsletter there were no budget restrictions, there was no content restrictions. We didn't want it corporate; they said fine. Some of the Exec board said they wanted it a little bit corporate, we said no; they said fine. So we really pushed back."

2.5 Voice

As well as being able to take decisions, being able to influence decisions that affect one's day to day working environment, contribute to wider discussions about the organisation, and feeling listened to, can have an impact on engagement. Across the Circle sites employees felt confident that they were able to influence decisions that affected their immediate working environment, and most felt able to influence decisions affecting the site. For many, team meetings and line management provided a satisfactory route to express concerns or voice opinions, but in some sites collective structures had also been put in place.

Employees interviewed for this study largely agreed that if they had concerns they would be able to go to their line manager or a senior manager in the organisation to discuss them, and felt confident that they would be listened to. Few could envisage a problem that could not be addressed in this way, or that would require the intervention of a union or professional body representative.

More broadly, employees reported being consulted and asked for their opinion on a regular basis. A nurse lead who had been employed by Circle for 12 months described her experience;

"The lead nurses, we get included in everything. We go to the boards, we go to the Exec Boards, we go to the risk meetings, the lot…But we don't just go, we're given a voice, we're listened to. And I have to say in a very supportive way, because we're not used to it…We now feel quite free to give our opinions and be as vocal as necessary. And that's very important because… we are the ones that are looking after the patients in all of this. I'm a patient's advocate and that's what I'm here for. And they listen. If they want to do something and it doesn't suit the patient, we say, and they look, and they change."

Several employees identified that being listened to was important in making them feel valued and strengthening their involvement with the organisation. One service manager said that being asked her opinion and being listened to made her feel "part of the establishment, and you get a sense of pride, because you've been part of it, you've been involved, and you're more likely to do the job to the best of your ability."

As well as strong individual relationships between line managers and employees, some group structures have also been put in place to facilitate two-way communication, although this varies from site to site. At the Midlands ISTC, for example, an employee forum meets regularly with the general manager. The forum is staffed by volunteers from across the treatment centre who have the opportunity to raise concerns and receive information on the treatment centre. At Eccleshill a group was established with volunteers from across the centre with the remit of improving the centre for employees and patients. Chaired by employees and with a budget, employees were able to raise concerns and also agree and implement solutions. As already discussed, two other sites had service improvement teams through which employees could effect change.

As well as being able to communicate up the organisation, each site had in place a number of initiatives to communicate down and across the workforce. Team huddles were common, and were being rolled out across a number of sites. Email communication was used extensively, for example, weekly newsletters from general managers. Because of the relatively small size of the workforce at three of the sites, all workforce presentations were occasionally used, particularly for reporting monthly and annual results. Across the whole company there was the opportunity to join in a weekly phone conference with senior leaders. At two sites there was some concern that communications were not systematic enough, and at Nottingham there was consideration of the proposal to close each gateway for an afternoon a month to allow for staff meetings, training and development.

2.6 Reward

Circle's workforce is constituted of those directly employed by Circle, and those seconded to the company by local NHS trusts. The rewards programmes for employees therefore vary somewhat, as NHS employees have their terms and conditions protected during their secondment. Circle broadly operates an individual reward programme where each employee has their pay calculated annually according to their performance. Starting levels of pay are broadly banded to match NHS pay bands, but set to reflect the local economy.

Annual pay increases are decided on a site by site basis, in consultation with the central organisation and are awarded to the individual on the basis of performance. The company is moving to a model whereby each site will be allocated an annual budget from which to award pay as they deem appropriate, in conjunction with the annual performance appraisals.

Employees have two appraisals each year; one related to their share allocation, and the other to their pay. The appraisals are based on feedback from five to ten colleagues, including those they manage if they have management responsibilities. This is then collated and converted into a performance score that informs the reward. Line managers are provided with training on appraisals and are responsible for assessing performance, and therefore rewards. Managers appreciated being able to reward and incentivise performance and believed that they were best placed to do so.

Employees interviewed for this study acknowledged that rates of pay were broadly equivalent to those in the local economy. Most employees believed that rates of pay were fair, and valued the fact that their pay and share allocation were related to their performance, believing that it rewarded their individual effort. For nursing staff, overall pay tended to be below that which they would receive in the NHS, but those that had chosen to work for Circle had often done so for non-financial reasons, some more pragmatic, such as proximity to their home, but also being offered the opportunity to help design and set up new services, have greater say on the care they delivered, and work in newly built premises.

For some, the share allocation helped to ameliorate minimal or low pay rises when they occurred. These employees valued their shares and accepted that short-term pay freezes or low pay rises would help support overall business performance, which as shareholders they could benefit from. Managers at several sites thought that shares could have a significant impact on employee motivation, and therefore had spent time explaining the benefits of share ownership to the workforce.

Managers had also used discretionary rewards to acknowledge team effort and achievement. These included, for example, trips out, massages, and team meals.

3.0 Impacts and benefits

At Circle, employee engagement and involvement is not just an end in itself. Having an engaged and involved workforce is necessary in order for the organisation to be able to deliver the high quality, responsive and continuously improving healthcare it aspires to. Engagement supports knowledge transfer, innovation, higher performance and good patient care. The organisation's founders recognised that health professional can rarely be compelled to deliver

the best care, and therefore they would have to create the structures and culture through which employees were enabled and encouraged to give their best to their patients.

One of the most significant and widespread benefits of employee engagement at Circle is continuous improvement and innovation. This is the clearest focus of employee engagement and was evident to a greater or lesser extent in all Circle sites. Voice, accessible management, widely shared information, and autonomy in decision making all helped create the circumstances in which employees were able to put forward ideas for improvement and in many cases put those ideas into action.

Ownership was also a powerful factor in generating innovation, and in particular at Bath, the sense of shared responsibility for the success of the organisation during the early stages encouraged employees to work to improve services. A health care assistant offered one example of when she had suggested changes;

"We have regular discussions on how we're going to bring in more patients, how we're going to… make things better. Just this morning we had a discussion on discharge sheets; well at the moment they're quite basic, but I thought of a way of maybe making them into a booklet – making them a bit more presentable so that people can take them home and look after them. These are just little things that will distinguish Circle from others and make people want to come here."

After discussion in the team huddle, she was tasked with taking the idea forward.

Not all employees working on Circle sites were directly employed by Circle, and therefore partners, but according to senior and line managers at Nottingham and the Midlands centre, the differences between seconded NHS employees and Circle employees in terms of their preparedness to contribute to continuous improvement was not as marked as might be expected. The line managers who led teams comprised of both NHS and Circle employees were conscious of the way that they communicated the aims, objectives and values of the organisation, but believed that the strong focus on patient care ensured that NHS employees felt comfortable contributing.

Although managers introduced change slowly, several believed that giving seconded NHS employees as well as Circle employees greater information on budgets and objectives helped to engage them better in service improvement, and further, removed much of the frustration they had experienced in the past when they had tried to suggest changes to improve patient care without understanding the financial constraints. One theatre manager explained what happened in trusts where financial information was held by a few senior managers, and not shared with employees. In this example, a lack of information is not just a barrier to innovation, but a factor in employee disengagement:

"So you've almost got this block above you that you don't know what's happening up there, you don't really care, so you don't really then buy into any of how the trust works. All you're interested in is patient care and then if you're not able to provide the service you want, because above the block they're not really communicating with you about what's going on, then you get frustrated and move on."

At a more strategic level, the organisational values played an important role in enabling senior managers to innovate without a great deal of input from the central organisation. By having a shared set of principles and long term aims, managers felt greater freedom to experiment with the means by which those aims were achieved: "If you can justify what you're doing is meeting the general principles of, you know, being advocates of our patients and having a sustainable business and all the other things the Credo says, then I think you're not going to go too far off track." *General manager*

In order to achieve their aim of delivering higher quality patient care at competitive prices, employee engagement was directed not only at improving care, but at generating far greater levels of productivity. Productivity matters not just for profitability, but also, in the case of the ISTCs, for their competitiveness as the provider of choice for commissioners. There are a number of examples of employees leading and participating in change to do just that, from redesigning patient pathways to changing theatre scheduling.

Circle has only been delivering services at the Midlands Centre for three years, Nottingham for two years, and Bath for less than a year, so data on long-term productivity trends is limited. However, evidence gathered by the company shows that in 2009, Nottingham had a 22 per cent productivity gain, and the Midlands centre had a 17 per cent productivity gain. Data is not yet available for Bath.

As managers were acutely aware, productivity gains could mean work intensification for employees, with the possibility of employee dissatisfaction, or lower levels of patient satisfaction. At the Midlands Centre, for example, employees had taken on the goal of never cancelling a patient. This meant considerable flexibility from employees to cover clinics that were short staffed, filling in for other roles, taking shorter breaks and sometimes working late. One manager described her concerns;

"It's really hard work in theatres…it's getting the patients through without the patients feeling like they're on a conveyor belt, and the staff not feeling that they're on a treadmill so that at the end of the day they go home absolutely knackered and don't want to come back the next day."

Although alive to the possible consequences for employees of increased productivity, evidence gathered by the company for the two ISTCs showed an employee satisfaction rate of 90 per cent for Nottingham, and 91 per cent for the Midlands Centre.

Finally, one of the strongest areas of employee engagement is in the quality of patient care. Data is gathered regularly on patient satisfaction as well as outcomes, and given to employees to inform them of their own, and their team's performance, as the basis for further improvement. Although employees were clearly aware of the importance of clinical outcomes, and had information on this, a lot of the

employees were equally, if not more, focused on the patient's experience.

For many of the nursing staff, being able to deliver the standard of care that they deemed appropriate was part of the reason for working for Circle, particularly at the Bath site. But the emphasis throughout the organisation on the importance of all employees, from hospitality to bookings to consultants in achieving the best patient experience and clinical outcomes, underpinned by the partnership, meant that a focus on patient care was widespread and by no means restricted to those in clinical roles. This broad focus on patient care was exemplified by a gateway coordinator at Nottingham;

"It's horrible to see your GP and be told that you might have cancer, but you walk in the building, and it's an amazing building, and it takes their mind off what's happening…And if they're sitting there a while they'll be offered a cup of tea or coffee and someone will check that they're ok and then they'll go through and they see a smiling nurse, and they get through that bit of the pathway, and they see the doctor, and only the doctor or the registrar or the consultant can do that bit, but we can make the pathway there, and the pathway back, as nice as possible."

Data gathered by the company suggests that employee engagement in the patient experience is associated with good patient experience; at the Midlands Centre 99.10 per cent of patients agreed that they would recommend the service and at Nottingham the figure was 99.6 per cent in 2009. At Bath the figures to date suggest that 98 per cent of patients would recommend the hospital to a member of their family or a friend, with the remaining 2 per cent of patients not returning the feedback form.

Each speciality or service has data on its own clinical outcomes, but a broad measure of return to surgery is calibrated for each ISTC. In terms of clinical outcomes for surgical treatment, both Nottingham and the Midlands Centre have return to surgery rates four times below the national average.

4.0 Sustainability

Circle is a relatively new organisation, and the majority of the workforce has been employed for less than three years. This newness in many cases has helped to strengthen the employee engagement. At the Midlands Centre the employees have been engaged in a turnaround operation, after a period of low performance under the previous owner, which has set a clear direction. In Bath, most of the employees started at the same point and went through a thorough induction programme together, many have been involved in setting up systems and process and overcoming the challenges involved in setting up a new hospital, all of which has helped create a shared sense of ownership and community.

Having employees in place that have helped design the services they will deliver and have overcome challenges together, such as setting up a hospital or turning around a treatment centre, has created more opportunities for employee involvement and has strengthened engagement. In particular, recruiting employees on the basis of their willingness to challenge and implement change has bolstered innovation and continuous improvement. However, it is too early to say whether this initial engagement can be sustained in its current form, and whether employees can be as engaged in continuous improvement over an indefinite period of time as they have been in the set up phase, or indeed, whether employees will be as willing to offer suggestions for improvement once they believe that ways of doing things are firmly embedded.

At several sites, but particularly Bath, there was an awareness that in taking over a service or establishing a new one the company had invested a lot of time and resources in explaining the Credo and Circle's ways of working to the workforce in order to build a new organisational culture. However, new employees who had joined the company had not experienced this full process and employees as well as managers expressed concern that this would eventually dilute the culture that had been built up as well as the shared sense of identity. At Bath employees raised this concern and came together to find a solution. A number of employees who had some training experience in the past formed a Team of Advisers, Advocates and Guides (TAAG) to design and deliver cultural elements of the induction modules for new starters. According to one member of the team, as well as explaining the culture and values of Circle, the induction programme was intended to "bring some of that enthusiasm and spirit the original starters had to the people who joined later". The TAAG teams have since been rolled out to other sites.

Share ownership was seen by most managers as an additional tool with which to engage employees. However, there was also some concern among managers about whether having a workforce of share owning partners might, in the future, also have the potential to limit engagement as well. Managers recognised that employees were more aware and closely engaged in the performance of each site, and that if the site did not meet its objectives despite the efforts of employees, there could be the potential for employee disengagement. Managers were therefore very conscious of how they presented performance information, and of the need for regular communication.

5.0 Conclusion

The approach to engagement and involvement developed at Circle is not distinctive because of its methodology, but because of the extent to which it is integral to the model of healthcare they deliver. As a result, engagement and involvement has been embedded in the culture and ways of working. Circle was established in recognition of the disempowerment experienced by many professionals working in healthcare, the impact this had on the quality of care given and the experience of the patient.

Engagement at Circle works with the grain of employee engagement more broadly in health, recognising that for many, particularly doctors, identification with their profession, or even speciality, will be more powerful than

their identification with the hospital or organisation. For other employees the hospital and the community associated with it will be the strongest point of identification. The prominence given to consultants in the strategic and day to day leadership of the organisation helps to reinforce the sense of association between professionals, who ultimately hold responsibility for the practice and are accountable to their peers. Social activities at the team or organisation level are encouraged and supported, strengthening community ties.

The role of share ownership in engaging the workforce is less significant than the culture of partnership it engenders. This is reinforced by a model of health service delivery that views each component part of the patient pathway as vital to achieving the best outcome. Therefore partnership in this context helps validate the contribution of support staff as well as clinical staff, and creates a line of sight between their efforts and the objectives of the team or unit, site and organisation. So hospitality staff delivering catering services, for example, explained their role in terms of patient care, as did nurses or health care assistants.

Although the level of ownership varies within the organisation, with consultant partners, for example, holding more shares, there is a clear sense in which the culture of partnership has helped alter the balance of power within the organisation. This power is not exercised formally through the partnership or corporate governance structure, but through employee voice. A sense of ownership of the culture and a legitimate interest in the success of the company has, in places, helped to create the environment in which employees are prepared to challenge one another, and those in leadership positions. It is noticeable that in one circumstance where a consultant began to behave in a less collaborative and more hierarchical manner the consultant's peers acted swiftly to change the behaviour believing that it would not only upset employees, but damage the culture of the organisation.

In taking over existing services and workforces, Circle has had to be pragmatic about the level of engagement they can achieve. The connection between the organisational structures and the involvement and engagement of employees means that where the Circle model is only partially implemented there are consequences for the way in which employees are engaged. So, for example, clinical units are only in place in Nottingham and to an extent, Bath; in the Midlands Centre most of the consultants are not partners. Managers though, while accepting that some employees will not engage, are, in the most part ambitious. They saw most of the workforce as amenable to engagement and endeavoured to boost them to the next level. For those who were most resistant and disengaged, managers had developed a range of techniques such as placing them in positions of responsibility and leadership, often with some success.

Engagement in many ways demands a great deal from employees, and managers were aware of this. Employees are expected to contribute and participate in a number of ways, both offering their opinion on service improvement on a day to day basis, taking responsibility for leading and implementing change, advocating and gaining the support of colleagues, and sometimes presenting findings at board level and within the wider organisation. Where employees were directly recruited by Circle, this way of working could be part of the attraction, but where employees were transferred to Circle, it could require some adjustment. However, as one general manager pointed out, although engagement can be demanding, it does not follow that employees in settings that require less of them are satisfied or content. With engagement comes voice and influence which helps avoid the frustrations and disengagement that can occur in organisations where the employees are unable to deliver the care they want.

The level and breadth of engagement at Circle is considerable. The challenge for the organisation will be to sustain this as services move beyond their start up phase, as employees become more established in their roles, and as the company applies its model to different healthcare services and structures. Nevertheless, Circle's organisational model and the associated approach to the workforce is an important innovation in UK healthcare services, and the potential benefits for employees and patients are significant.

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