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A sense of purpose

Purpose is the foundation for the success of any organisation or system. *But how seriously is purpose taken in the public sector? At a time of substantial challenge, does the NHS – and the public sector in general – have lessons to learn on purpose from private companies?*

The Enactment of Purpose Initiative was set up in 2020 by a group of distinguished Oxford University academics to help establish what it calls best practice purpose governance.

Corporate purpose is a familiar concept in the private sector. It refers to a company's core reason for being, along with its commitment to environmental, social and governance issues, as part of a strategy designed to achieve sustainable long-term growth. Having purpose pays, in more ways than one. A significant study by the Harvard Business Review into the business case for purpose showed that companies with strong purpose, alongside which integrity to that purpose, are more honest and ethical in their business practices and more profitable. In other words, purpose drives effectiveness, which isn't a revelation.

Purpose, mission and values

To use some familiar clarifying shorthand from the corporate world, purpose refers to why an organisation exists, values are about *how* it operates, mission is about *what* it does, and vision is about *where* it's heading.

The initial report from the Enactment of Purpose Initiative (EPI) set out the importance for companies of defining and governing purpose in a meaningful way:

'To deliver value for different stakeholders, purpose has to be more than a marketing slogan or a vague set of values. It has to become an organising principle, the reason why an organisation exists. Boards of directors across all sectors today face a growing drumbeat of calls from multiple stakeholders including customers, employees and suppliers for a clearer explanation of their organisational purpose. Recent calls for better articulation of purpose from global investment management firms together with specific commitments on purpose by asset owners, are accelerating this momentum and elevating it to a critical board issue.'

It said the process of 'building back better' following the pandemic crisis, together with the increasing clamour around environmental issues, presented an opportunity to rebuild on stronger foundations.

The EPI offers a framework for governing purpose called SCORE:

- **Simplify** – purpose must be straightforward enough to be understood by all stakeholders
- **Connect** – purpose must actually drive what the organisation does or it becomes meaningless
- **Own** – purpose must be embraced by everyone from the boardroom to the shop floor, as well as the organisation's stakeholders
- **Reward** – an organisation's performance management, incentives and rewards must be aligned to its purpose
- **Exemplify** – leaders have a responsibility to bring organisational purpose to life through communication, building a sense of shared identity around a common purpose



Public sector purpose

These are sound principles. Clear corporate purpose co-created with stakeholders is nothing new in commercial companies. But who would claim the same for the UK public sector?

In the public sector corporate purpose appears a given, built into the proscribed nature and statutory definition of each separate organisation. At one level all public organisations like NHS Trusts and local authorities get their purpose from acts of parliament. But there is still considerable room for self-determination.

Clarity of purpose and its construction with stakeholders should be at the heart of the health and social care reforms, but can we really say that they are? There is, after all, no formal obligation to do so.

We have seen a wealth of detail issued from Whitehall about the mechanics of integrated care systems. But there has been much less discussion about the core purpose of an Integrated Care System (ICS) – or indeed even how to decide what that should be.

In his speech last week about his government's flagship 'levelling up' policy, Boris Johnson talked about rewriting the rulebook on local devolution; the decentralisation of power and control and empowerment of government in place. An ironic message juxtaposed with the increased role and powers of the Secretary of State for Health and Social Care in the new draft health and care bill. Just how much autonomy and control will ICSs have within the legislative context and regulatory and guidance frameworks, to shape their purpose.

Does the new world offer opportunities to clarify purpose which are being missed? It is a question that ICS leaders need to answer personally and collectively. Their own sense of agency, value and purpose is intimately connected to the answer. This is especially true, given the controlling grip and tight specification of expectations for delivery flowing from the health and care bill.

Aligning the mission, values and vision of the organisations that make up the system into a singular set will be a key challenge for ICSs. But perhaps even more important will be defining a purpose that is energising and realistic. There is scope to do this, but is there the appetite?

Governance and purpose

Governance and purpose are intrinsically linked. In the words of Professor Deon Rossouw, the CEO of The Ethics Institute: "Organisations only exist in order to deliver on their purpose and, similarly, governance only exists in order to help them do that." Achieving purpose starts with the right governance and flows through strategy, alignment of outcomes with performance and management incentives, the empowerment of employees and through to the full engagement of stakeholders. Clarity of purpose, then, is a dependency. The sooner these questions are addressed, the better.

Illuminations

- The purpose of an integrated system is much more than just an amalgam of component organisations
- Purpose is closely linked to agency - the scope and appetite for people to make things happen
- In spite of national direction and control, there is still considerable scope for systems to define their own purpose and therefore define their impact locally
- Getting purpose right requires a shared mindset and risk appetite between key players a commitment to involvement of the public
- External facilitation and trusted support can be critical in making the connection between purpose and potential in a controlling environment

If you have any questions or comments about this briefing, please call us on 07732 681120 or email advice@good-governance.org.uk.