

## Developing future leaders

### August 2010

The NHS has a talented, hard-working and highly committed finance function. However not enough is being done in terms of succession planning and preparing managers for the most senior finance director roles.

As part of the association's 'Building World Class Finance' work in 2009, led by then HFMA chairman Bill Shields, the association undertook a survey of deputy finance directors to get a better understanding of their aspirations, perceived obstacles to career progression and development needs.

The results of this survey were discussed by the HFMA's World Class Finance (WCF) Group, created to support the chairman's theme during his year in office. It made recommendations in four areas. It believes that following these recommendations will help ensure the NHS continues to be supplied with high quality finance leaders with relevant experience and preparedness.

The proposals in the government's white paper on health (July 2010) – including the planned abolition of strategic health authorities and primary care trusts and the creation of a new commissioning board and GP commissioning consortia – will make it even more important that steps are taken to ensure the development of the future financial leaders of the NHS.

There is a danger that the NHS will lose key financial skills and experience either as a direct result of the restructuring or because of uncertainty during the transition period. However the issues raised in this report will remain relevant whether finance managers are working in primary care trusts, health authorities, trusts, foundation trusts or in future roles within GP consortia or the commissioning board.

#### **1 Mentoring/coaching**

Just 17% of deputy finance directors taking part in the survey had a mentor – fewer than one in five. The HFMA WCF Group believes all deputies should have access to a mentor and this should be facilitated at a 'regional' level. In the current structure this should involve the strategic health authorities and local finance skills development managers. In most cases deputies should seek to have a finance director in a different organisation as a mentor, and where logistically possible, in a different health economy/region. This will help them to discuss concerns, development needs and

career options in a protected environment as well as developing their abilities and enhancing their potential in line with their personal objectives.

The HFMA has run a mentoring scheme for several years, providing training in conjunction with Lancaster University's Centre for Training and Development (CETAD) for mentors and arranging initial mentee partners for these mentors. Successful delegates on the programme obtain an HFMA/CETAD Certificate in Mentoring.

To date the association has trained more than 90 mentors. About half of these are current or former finance directors. Many of this cohort of mentors have indicated that they are available to take on a mentee.

The mentor training programme has not been run in the last 12 months due to funding issues. However some tailored training has been provided. This does not provide the detailed training delivered as part of the HFMA/Lancaster University mentor training, but does provide an introduction for directors or other senior staff on how to improve mentoring or coaching skills.

However a new HFMA mentoring programme is the final stages of development. Under this scheme an additional 20 mentors would begin training in autumn 2010, each one committing to mentor at least two people post qualification. While individuals' organisations will bear upfront costs of the scheme, the HFMA will refund the costs upon successful completion of the course.

Access to coaching – which shares some of the characteristics of mentoring, but is often more short-term and not necessarily delivered by a more experienced colleague in the same field – is already provided through many of the developing talent programmes operated by HFMA and finance skills development in strategic health authority areas in England. The HFMA intends to provide a series of courses throughout 2010 offering an introduction to coaching and aiming to develop the coaching skills of directors and deputy directors of finance.

Although informal mentoring can be beneficial, the HFMA believes that structured training can help mentors to develop the skills they need to maximise the value of the mentoring process. (A guide to mentoring can be found on the FSD website [www.fsdnetwork.com](http://www.fsdnetwork.com).)

The WCF Group believes giving all NHS deputy finance directors access to a finance director mentor or a coach will help prepare them for future director roles. And it will give them a better insight into the requirements on directors and their current skill gaps and development needs. It would also provide a protected environment for deputies to discuss career aspirations.

The HFMA will aim to work with SHAs and FSD to put the infrastructure in place to make this a practical reality. It will look to build on the new mentoring programme being launched this autumn.

It will also publicise more widely the availability of trained mentors and provide a mechanism for deputies to register their interest in getting a mentor. As part of this the HFMA will develop a database of deputy finance directors so that it can communicate directly with this important tier of the NHS finance function and undertake further research into development needs and monitor career aspirations.

#### **Actions**

- **Develop database of deputy finance directors**
- **Write to deputies to alert them of availability of HFMA trained mentors**
- **Publicise availability of mentors more widely – through email alerts and using website**
- **Carry out future surveys on deputies' career aspirations and development needs**

## **2 Board-level experience**

In its survey, the HFMA asked deputies what opportunities they would like to be given in their current roles to help prepare them for director-level positions. The most frequent request was to deputise for the finance director in high level meetings or at least to attend some of these meetings to observe how the finance director works with other senior managers and the board. Useful meetings included the board of directors, contract negotiations, management boards, audit committees and strategic health authority finance director meetings. Increased board exposure was highlighted as the key development area.

The HFMA believes that deputies should be given more opportunities to be exposed to these senior meetings and environments – both attending some meetings with the finance director in an observational capacity and deputising on occasion.

This not only requires action on behalf of finance directors, but boards and organisations also need to understand and support the importance of developing senior managers for future roles. Finance directors should work with their executive and non-executive colleagues to establish the right corporate culture to encourage managerial development.

The HFMA will look to identify good practice in providing deputies with executive level experience and share these case studies around the service.

### **Actions**

- **Contact all NHS finance directors to ask for examples of good practice in developing second-in-line managers and in providing deputies with board-level experience. Share best practice with service.**

## **3 Developing talent programmes/Impact of white paper**

A majority of strategic health authority areas now have some form of training programme aimed at meeting the development needs of future finance directors. In some areas these are focused solely on deputy level, while in others third tier managers are also targeted. However there are still some areas where a specific, detailed programme has not been put in place. There are excellent examples of existing programmes – both run by HFMA on behalf of local FSD (for instance in the South West, London and North East) and run directly by local FSD. These should provide models for the basis of programmes in other areas where programmes have yet to be developed.

However the HFMA also believes that more could be done to spread learning among the various programmes. In particular there should be a link to outcomes and contact established with programme graduates to understand how programmes could be improved. This contact should continue into when they take on director level positions at which point they may have a greater insight into what development would have helped better prepare them for their new roles. This is an issue for local FSD, but in areas where FSD is run by HFMA it will seek to introduce this mapping and survey work. A standard survey for newly appointed, first time finance directors will be drafted for use across the service.

Structural changes, spelt out in July's white paper on health *Equity and excellence: liberating the NHS*, will also have an impact on succession management and talent development. Strategic health authorities have taken a major part in coordinating finance skills development activities across their patches. It will be important that as the SHA tier disappears, the importance of finance development

continues to be recognised. Developing future leaders is a role for the wider health system, with benefits enjoyed by the service as a whole. Individual organisations may not always recognise the importance of developing existing staff for a future role that may lie outside the organisation.

The HFMA will monitor the development of the white paper changes with a specific focus on finance skills development. It will open discussions with the Department of Health about its plans for finance skills development in the new system and would be willing to work with the Department in ensuring vital development activities are maintained.

#### **Actions**

- **Raise issue of finance skills development with Department of Health**
- **Develop a survey for newly appointed, first time finance directors to examine career experience, development opportunities that were taken and any identified gaps in training/development that would have helped prepare for a finance director role.**

#### **4 Agenda for Change band 9**

According to the survey sample, some 12% of deputies were on band 9 under Agenda for Change (AFC). This increasing use of band 9 is underlined by the joint HFMA/FSD finance function census which found that some 88 finance staff out of 16,263 had been evaluated at band 9. There were no band 9s in ambulance trusts or mental health NHS trusts, but evaluations to the top AFC band existed in all other organisation types

Band 9 was originally created to accommodate senior staff evaluated above 720 points on the AFC evaluation system. In the profiles originally drawn up by the HFMA to cover finance roles, it was not envisaged that finance structures would include any appointments at band 9.

HFMA is not opposed to the use of band 9 for finance positions. Deputy finance director pay must be sufficient to attract and retain the best quality finance staff – both in terms of the important roles they perform as deputies and their future roles as finance directors. However it is clear that there are different policies being applied to the use of band 9 across the NHS. In some areas, human resources departments have blocked band 9 finance appointments. Some organisations were appointing deputies outside AFC, sometimes using band 9 salaries as a guide to remuneration.

HFMA does not believe that the current pay arrangements necessarily block the ability to appoint the right staff on the right salary. However the lack of clarity around the use of band 9 is unhelpful and can provide obstacles for recruitment in terms of rates listed in job adverts and potentially create a lack of comparability across organisations. In some cases it may also lead to inequitable treatment of some finance staff held back at the top of band 8d while colleagues undertaking similar roles in other organisations have been evaluated at band 9.

There is evidence to suggest that finance director pay on average is around 25% higher than the top of band 8d (band 8d accounts for 60% of deputies in the survey and nearly half of these deputies were on one of the top two pay points). However finance director salary stretches much higher than the average, particularly in very large NHS trusts and foundation trusts. In these organisations, finance director salary could be 40% higher or more than the top of band 8d – the highest band available for a deputy remaining within the AFC framework.

The HFMA recognises that issues around banding of deputy finance directors are rightly not a priority at the moment. The NHS faces a two-year pay freeze and the white paper has promised to extend beyond foundation trusts the right for all NHS employers to determine pay for their own staff.

However, as the white paper recognises, it is likely that many providers will want to continue to use national contracts as a basis for their local terms and conditions. In such circumstances, it remains

sensible to have a consistent application of the AFC evaluation system – a key benefit being improved transparency within finance structures. A band 9 finance profile would also recognise the increasingly strategic nature of many deputy positions, which is increasingly akin to the traditional finance director role of running the finance department with the finance director more focused on their board role.

If a band 9 were adopted in some organisations, deputies currently on local contracts might be moved onto band 9 contracts with no additional cost. The use of recruitment and retention premiums for some band 8d deputy finance director positions would also no longer be needed – again incurring no additional cost. Given the two-pay point overlap in bands, there would in reality be no immediate cost in moving some staff at the top of band 8d, where evaluations suggested the use of band 9, although costs would increase through the application of annual increments.

The HFMA will continue to monitor the band 9 position in light of the current restructuring and any future changes to the current arrangements for setting pay. It will raise the issue with the Department of Health and explore options for further research to inform any future changes in approach. For instance it could examine possible cost implications of introducing a band 9 finance profile.

**Actions**

- **Raise issue with Department of Health**
- **Explore options for further research**

### **Case study 1:** Phil Bradley, West Hertfordshire Hospitals NHS Trust, band 9

Phil Bradley is deputy director of finance at West Hertfordshire Hospitals NHS Trust. He has risen up through the NHS finance ranks and, having spent time working as a finance director, has a good insight into the skills and experience needed to step up to the top finance role.

He joined the NHS in 1982 having spent the nearly three years since leaving school working for an insurance company and gaining an A-level equivalent BEC national certificate in business studies. He undertook administrative roles at South East Kent and then Brighton health authorities before joining Milton Keynes Health Authority in 1986, where a series of rapid promotions saw him rise to assistant treasurer (financial management).

With the approach of the internal market and NHS trusts, Phil recognised that his 'qualified through experience' status would not be sufficient if he wanted to advance further. So he set about taking the CIPFA qualification, via the senior manager's programme, which he gained in 1993. During this period, Mr Bradley had become one of a number of deputy finance directors within the newly formed (second wave) Milton Keynes General NHS Trust. His role was focused on business functions rather than pure finance – business planning, IT, waiting list management and contracting with the GP fundholders for instance.

In 1995, following encouragement from his chief executive, he took a further qualification in marketing, gaining a diploma in marketing from the Chartered Institute of Marketing. He did some work setting up the fledgling primary care groups while on secondment and attended a regional aspiring finance directors' course before making his first move into a board level position as finance director and deputy chief executive of Bedfordshire Heartlands PCT. He was at the PCT for three years before taking a position at Bedfordshire and Hertfordshire Strategic Health Authority. As part of two years at the SHA he spent a year on secondment to West Hertfordshire Hospitals and then in 2006, following an open competition, was formally appointed to the deputy role.

He is clear that he is keen to return to a finance director role 'in the right setting'. Family commitments would place some constraints on location and timing and he is also keen to remain in the acute setting, where the bulk of his experience has been gained. He believes he is ready for the right appointment. Apart from his three years as director in a PCT, he has 'acted up' on three occasions within his current organisation.

Phil says that board level experience has been vital in preparing him for a director level appointment. He acknowledges that his formal stints covering for the finance director have given him good opportunities to gain this experience. But he says there is a culture in the NHS where boards expect all executive directors to attend all board meetings and that this can limit opportunities to gain valuable experience.

There is also pressure on chief executives to only have executive directors at the board meetings, with the non-voting directors attending only for their items or items of relevance, which will further reduce the chances for deputies to sit at the board table on occasions.

He believes organisations need to be more open to the development opportunities for senior managers through interaction with the board. Attending board meetings alongside the finance director, to present specific papers, is one approach used in some organisations.

While Phil is clearly targeting a move within the acute sector, he says that there are more straightforward barriers to a move into commissioning. He says that his current band 9 grading under Agenda for Change would put him on a higher salary than many of the PCT roles that get advertised, where salaries are dictated by the Very Senior Managers' Pay Framework. He suggests that deputies in a similar position will often simply discount such a move. In some instances the band 9 salary can also be similar to finance director salaries in other provider trusts, again hindering any move.

**Case study:** Debbie O'Neill, assistant director of finance, Countess of Chester band 8C

Debbie O'Neill is head of contracts and performance at Countess of Chester Hospital NHS Foundation Trust. The Countess of Chester does not have a single deputy director of finance. Instead she is one of four assistant finance directors reporting to the finance director. In addition to her role on contracting and performance, two other assistants cover roles in financial services and financial management/staff development, while a final assistant director is currently leading programmes on service line management, capital and acquisitions.

Debbie joined the NHS straight from school on a junior clerical grade, working at Wirral Hospitals NHS Trust (now a foundation trust). Armed with a BTEC in business studies and an AAT technician qualification, she progressed up a number of grades before moving to the Countess in 1990, where she continued to rise through the finance ranks. Towards the end of the decade she became one of a number of directorate accountants and was advised she would need to gain formal accountancy qualifications before she could progress further.

Debbie admits that up to that point she had largely seen her working life as 'a job not a career', concentrating instead on her young family. But with encouragement from the trust, Debbie signed up for the CIPFA qualification in 2000. She gained this in 2003, being named as a prize winner in the North West and Wales for her project on pharmacy automation.

As directorate accountant Debbie provided financial support for a number of departments including clinical support services, surgery and women and children, before taking on the directorate accountant role for corporate services. The role then expanded to include reference costs and shortly after qualifying she became senior finance adviser for corporate services, which led to a wider role in payment by results when the tariff was launched, and corporate reporting. She was appointed as assistant director in 2007 and plays a key role in contracting along with the trusts' planning and reporting agenda.

She says the set up at the Countess works well with the four assistant directors providing expertise in their own roles and working well as a team. Preferring to take her career 'one step at a time', she is in no major rush to move on at the present time, but is not ruling it out in the future. However she would be unwilling to move house to take up a new position, so recognises that she would be looking at organisations on the Wirral or in Liverpool.

She is also conscious of having limited experience in financial services and believes that a more traditional deputy role may be the most appropriate stepping stone to a possible future director position. She says that the Countess has provided all the assistants with good exposure to the board, either presenting papers or deputising for the finance director. In fact for nearly five months Debbie was formally on the board because of the importance of the contracting issues that she managed. However due to the size and effectiveness of the board, the trust is currently reviewing its meeting structures. She says attending board meetings, which was initially very intimidating, has been hugely developmental.

Debbie feels that moving up to a more senior role is partly an issue of confidence as well as experience, although she again acknowledges that the four assistants at the Countess are all given a significant level of responsibility and freedom to act.

She does not currently have a formal mentor, although she feels she receives good support and advice from her finance director, but thinks that this would be something she may need to consider. She would also be interested in opportunities to broaden her experience, particularly in financial services, perhaps through some form of shadowing and possibly taking advantage of attending courses provided by the strategic health authority such as the talent management programme or aspiring directors programme. However she suggests that workload pressures could make this difficult at the moment.



## Annex 1: HFMA deputy director of finance survey

October 2009

During the summer in 2009, the HFMA conducted a survey of deputy finance directors working in the NHS in England. In total more than 150 deputies took part.

This survey was in part a follow up to a major survey of all senior finance staff, including finance directors, conducted during 2008 and involving some 450 staff altogether. The initial survey had raised some concerns about the relatively high numbers of senior finance managers (60% of all finance managers and 40% of deputies) with no aspiration to work at board level. These figures provided some backing for concerns emerging from the Department of Health that short lists for some of the most senior finance roles were simply too short.

In response to these concerns, the HFMA's World Class Finance Group under the chairmanship of Bill Shields (HFMA Chairman 2009) decided to look further into this issue and to conduct a survey specifically involving deputy finance directors. The survey also aimed to identify what support and development needed to be put in place to help finance managers prepare for potential future roles as NHS finance directors.

The HFMA took as its definition of 'deputy' any manager working in a second in command position or reporting to the finance director. The survey was channelled through finance directors with directors asked to forward the survey to any managers working in a relevant position. Not all deputies answered every question and the percentages referred to are percentages of respondents answering that specific question. (Some tables may not add up to 100% due to rounding.)

### The sample

In total more than 150 deputy finance directors responded to the survey. Just over half the sample (56%) were male. Four fifths of the sample were aged between 30 and 50.

Age range	Response Percent
60+	1%
50-59	16%
40-49	51%
30-39	30%
<30	1%

Two-thirds of the respondents had gained their main accountancy qualification with either CIPFA or CIMA, with ACCA accounting for a further 22%.

Deputies' accountancy qualification	Response Percent
CIPFA	31%
CIMA	34%
ACCA	22%
ICAEW	14%

Some 16% of the sample were graduates of the national NHS graduate training scheme, with a further 5% coming through a formal regional scheme. Nearly 42% had trained while in a substantive post within a single NHS organisation while nearly 38% trained outside the NHS. More than half the sample

qualified during the 1990s. The earliest qualification was gained in the mid-1970s with the most recent qualification during 2009.

More than 30 respondents also listed other qualifications ranging from MBAs, MSCs, MAs to postgraduate certificates in health economics, NLP diplomas and even nursing qualifications.

The sample covered all the main organisations in the NHS in England including PCTs (39%), NHS trusts (acute/specialist 19%, mental health 5%) and FTs (32%). These organisations were spread across the English strategic health authority areas with particularly high responses in the South West (21% of responses) and West Midlands (19%).

Some 14% of respondents had been with their current organisation for less than a year at the time of the survey, with a further 17% still in their second year. Just over 60% had been with their current organisation for five years or less. At the other end of the spectrum, 18% had been at the same organisation for 10 years or more, half of these having spent 17 years or more in the organisation. (For the purposes of this question, a change of organisational status, for instance from trust to foundation trust, was not considered a change in the organisation worked for). The median time spent with an organisation was three years.

Respondents reported a range of current job titles. Nearly six out of ten respondents carried the title of deputy director of finance, while a further two in ten went under the title of assistant or senior assistant director of finance, and nearly one in ten were associate directors. Chief finance officer, director of financial management, director of operational finance and various heads of finance were other titles reported.

<b>Job titles</b>	<b>Response Percent</b>
Deputy director of finance	58%
Assistant director of finance	19%
Associate director of finance	8%
Other	15%

Some 61% of these deputies had been in post for two years or less. Just 15% had been in post for six years or more. The median time in post was two years. Deputies were also asked how long they had operated at deputy or second in command level taking account of all the organisations they had worked for. More than one in five (22%) had been at deputy level for less than two years, while half the sample had been second in command for five years or less. A further 34% had between six and 10 years experience at the second tier of management. The median time in post was six years.

Deputies had a range of experience of different roles gained both within the NHS and outside. Some 55% of deputies had worked in between three and five different roles/jobs since gaining their accountancy qualification. Eight percent claimed 10 or more roles. Five was the median number of jobs. Refocusing this question on the number of organisations that current deputies had worked for revealed that 58% of deputies had worked for three or fewer organisations. A small number of deputies could look back on a career spanning a large numbers of organisations – 15% had worked for six or more organisations.

## Pay

Nearly 60% of the sample were in pay band 8d under the Agenda for Change pay framework, giving them a basic salary (not including recruitment and retention premia or high cost area supplements) of between £63,833 and £79,031 on 2009 pay rates. A further 26% were on band 8c (£53,256 to £65,657), while 12% were band 9. Band 9 was originally created to accommodate senior staff evaluated above 720 points on the AFC evaluation system. In the profiles drawn up to cover finance roles, it was not envisaged that finance structures would include any appointments at band 9. Eight of these band 9 appointments were in foundation trusts, four in PCTs, 3 in trusts and one in a strategic health authority. Job titles among these band nines were predominantly deputy director of finance, although titles also included, assistant director, associate director, head of finance and finance manager.

Responses within band 8d covered all the pay points, but 45% of band 8d were on one of the top two pay points (pay points 50 and 51).

Deputies' Agenda for Change pay band	Response percent
Band 8a	1%
Band 8b	3%
Band 8c	26%
Band 8d	58%
Band 9	12%

Only two respondents received recruitment and retention premia (of £2,000 and £5,000) and no deputies reported any performance related pay. Some 12 deputies reported that they were on locally determined pay arrangements outside of Agenda for Change with a number of these being equivalent to band 9 pay rates.

In general (82%), deputies thought finance staff pay was sufficient to attract the right staff (compared with other parts of the public and private sectors). Just under one in five (18%) believed finance pay in general was too low.

However numerous respondents suggested that the pay was relatively better at lower bandings than for the more senior roles. For instance one deputy commented:

*'NHS pay compares favourably with most other sectors. The main difference is in very senior posts where in some areas of the private sector basic pay is above the NHS and individuals also have share options/bonuses/profit share. The senior NHS jobs are extremely demanding and this is not recognised in the pay and conditions when compared to similar value private sector organisations.'*

Another added that differential pay across health communities (between trusts, FTs, PCTs and SHAs) also created recruitment difficulties at the more senior qualified levels.

Others suggested that while the framework was fine, ensuring uniform assignment to bands across health economies and different organisational boundaries was also important. Numerous responses referred to additional non-pay attractions of working in the NHS – perceived better job security, preference for public sector values/culture, commitment to training and the NHS pension scheme.

There was little change in response when deputies were asked about their own pay. Some 78% said deputy pay was sufficient to attract and retain good quality staff as opposed to 22% who felt it was too low. However there were numerous comments about the range of salaries paid to deputies often with little obvious difference between the responsibilities. One deputy commented that the rule of thumb appeared to be that deputies were at band 8d, with 8c being applied to managers operating as one of two or three assistants. But a number of deputies also cited the growing use of band 9 in some areas.

While band 9 deputies were clearly in existence across the service (12% of survey sample), in some organisations human resources were blocking band 9 finance evaluations. One deputy also commented that the role was changing. As directors took on more strategic roles, the deputy position was 'now akin to an old style director role'.

There was also broad support for the differential between deputy and director level pay. Six out of ten thought the differential was about right, while 32% thought the gap was too big and 8% too small. Many acknowledged they only deputised for part of their director's role. However a number of comments suggested that the gap was widening because of the different pay systems covering directors (either local arrangements or very senior manager pay scales) and deputies (largely Agenda for Change). Respondents suggested there were greater constraints in Agenda for Change and less opportunity to reflect real market forces (although others said the appointment of band 9 deputies was being used to bridge this gap in some places).

Some who felt the gap was too great pointed out that locally the deputy salary was close to 50% of the director's pay. One deputy suggested that 75% of a director salary should be a rule of thumb for deputies. Another added that appointments panels could dismiss deputy promotions on the basis of 'it is too big a jump' merely on the basis of the salary differential. One deputy pointed out that the differentials in most organisations dictated career paths, requiring most deputies to look for first director appointments in other smaller organisations rather than targeting a director position in their own organisation.

Some respondents also suggested that the picture was different in different parts of the NHS. For instance one deputy commented:

*'The gap in most acute trusts is about right. In PCTs sometimes the differential is too small because they pay the finance director too little or the deputy too much. Typically PCT finance directors earn less than their acute counterparts. If there are sound reasons for this then the deputy should also earn less than their acute counterpart so that there remains a differential. However in practice many PCT deputies earn the same as their acute counterparts so there is little financial incentive for them to apply for a PCT director role.'*

### **Careers/next role**

Two thirds of deputy finance directors said they were looking for a new job/role. Only a handful expressed some urgency about this while 22% said they were looking but 'in no desperate hurry' and

a further 41% said they would only consider moving if the ideal job became available. A third of deputies in the sample were not in the market for a new job at this point.

<b>Are you looking for a new job?</b>	<b>Response Percent</b>
Yes, very keen to move	4 %
Yes, but no desperate hurry	22%
Only if the ideal job came along	41%
No	33%

Asked when they hoped to move into a new role, five out of 10 deputies hoped to be in a new role within two years (seven out of ten hoping to move within five years). A handful of deputies (5%) expected their current role to be their last, while a quarter of the sample had no current plans to move role.

Asked about possible reasons for a shortage of applicants for some finance director jobs, respondents identified a range of factors. More than three quarters of the sample identified the level of risk and exposure at board level as a major deterrent. Fears over future career security were highlighted by more than half the sample. Lack of support for directors and an increasing unwillingness to relocate for a new position were also cited by more than a third of the sample. Just one in four deputies believed insufficient director pay was a factor.

<b>Reasons for shortage of FD applicants?</b>	<b>Response Percent</b>
Additional money insufficient for the additional responsibility	26%
Directors too exposed and role too risky	77%
Fears over future career security	56%
Lack of support for directors	37%
People less prepared to move for a new job, so starting with a small pool of possible candidates	35%

In further comments, deputies frequently stressed the current economic uncertainty as a disincentive to move up a level, especially with the potential for reconfiguration during a downturn. Many also highlighted the perceived levels of risk and stress in director roles, the impact on work-life balance and the fact that director roles were typically inflexible – at least for newcomers.

Comments included:

*'It seems finance directors often end up being blamed and sacked for situations beyond their control and imposed centrally via the Department of Health. If there was more responsible financial management and support at the Department, then more deputies would apply for director roles.'*

*'I have not pursued a higher salaried post as I have young children and am currently contracted as 0.8wte. There are very few opportunities for reduced hours' contracts or job-share arrangements at director level.'*

*'I have always worked full-time and typically work an average of 45 hours per week. I do not want to work any more hours than this and ideally want to work less hours.'*

However deputies also raised issues around insufficient development for deputies and problems with the recruitment process. Lack of exposure to executive or board level duties meant that deputies

often did not have the experience to manage the politics and strategic issues. Some posts even specify board level experience as essential, ruling out deputies if they have not had a period 'acting up'. FT roles can require either FT or commercial level experience, either barring or at least deterring deputies from applying. And there were concerns that too often jobs had already been 'allocated' despite adverts being placed.

*'There is a different set of skills required to be a finance director, particularly when their portfolio extends beyond finance, which most do, and not many finance staff have all these skills to the necessary standard to enable them to make the step up, and this restricts applicants.'*

*'Lack of time and funding available for training in dealing with the transition from operational to executive level, and on-going support once there.'*

### **Differences between deputy and director role**

More than 100 deputies accepted the challenge to define the key differences between a deputy role and the role of a finance director. A number of words and expressions recurred in describing the key perceived difference in the director role. The most frequently cited included: accountability, strategic focus, exposure, politics, ultimate responsibility, broader responsibilities. Several deputies differentiated the two roles by describing deputy duties as being broadly internally focused as opposed to the director's external focus (on the board and non-executives). One deputy summed up the differences as: 'the finance director is the leader whose job is to get people to do the right things while the deputy is the manager who makes sure that things are done well'. There were also a number of comments about deputies having time to do their deputy roles properly

Other comments included:

*'Having spent six months as an acting finance director, at a smaller organisation, there seemed to be three main differences between that job and my substantive role. The first is that as the board director, I spent a surprising amount of time doing things that either the standing financial instructions (SFIs) or standing orders (SOs) said that the finance director must do or where the general perception in the organisation was that the finance director should do something. The second was working with non-executive colleagues, both at the board and in sub-committees, I don't do any of this in my substantive role. The third difference was having a formal role in relation to the public accountability of the organisation, via the board, annual general meeting and relationship with the press.'*

*'To help finance directors, deputies need good and effective deputy job descriptions that allow them time to be deputies and not just heads of a section (which can, in itself, be so demanding, that they don't have time to function as deputies).'*

*'A true deputy should not have a portfolio to manage, and should be available to trouble shoot in areas as required in support and on behalf of the director. The deputy should hold the ring on the management of the finance team and ensure delivery, thus freeing the director from operational issues.'*

The survey also explored whether deputy finance directors had mentors. In fact just 17% of deputies taking part had a mentor.

<b>Do you have a mentor?</b>	<b>Response Percent</b>
Yes	17%
No	84%

## Director aspirations

The deputy director survey reinforced the findings of the HFMA's broader senior finance manager survey in terms of deputies' aspirations towards director roles. The earlier survey found that 40% of deputies had no interest in taking a further step up to board level. And the new survey, involving a bigger section of the deputy community, confirms this with virtually the same proportions. The new figures suggest that 38% of deputies are content working below board level.

Do you want to be a finance director	Response Percent
Yes	62%
No	38%

- **Aspirant finance directors**

Of the 62% that do aspire to finance director roles, nearly one in ten hope to achieve their ambition within the next year with a further 46% hope to have gained an appointment within two years.

When do you hope to take up a finance director position	Response Percent
12 months	10%
2 years	46%
3-5 years	39%
5+ years	6%

The main obstacle to these aspirations, identified by the biggest group of would-be finance directors, was insufficient experience, although lack of available positions was also seen as an issue.

However respondents also identified a range of other barriers. Several highlighted the need to overcome self doubt or lack of confidence. Others singled out a lack of development in non-finance skills. There were even concerns that lack of a degree or age could be a disadvantage when compared with more recently qualified accountants.

One deputy commented:

***'As my planned career trajectory is perhaps slower than others due to my desire to have some work/life balance with my young family in the immediate future, I am concerned that I will later be competing against candidates who may appear to be more dynamic.'***

However would-be finance directors placed restrictions on the director level jobs they would be prepared to take. Just 17% said they would be happy to relocate to take on a director job. The other 83% said the position would need to be in a commutable range.

A majority (74%) said that they would consider roles in any type of NHS organisation. But a significant minority restricted their interest to provider organisations, with some of these placing further restrictions (for instance 7% only interested in foundation trust role).

	Response Percent
If right job, any NHS organisation considered	74%
Trust only	4%
Foundation Trust only	7%
Community provider only	0%
Any provider organisation	11%
PCT commissioner only	5%
Other or provide context:	

Some pointed out that the restrictions would come from the organisations rather than the individuals. For instance one foundation trust deputy said:

***'I am unlikely to have sufficient experience to move to a PCT as my first finance director role.'***

This point was reinforced by a mental health trust deputy who commented that she would be 'unlikely to be considered at non mental health organisations due to a perception of inexperience across other sectors'. She suggested she would need to move sideways into a different sector before thinking about a director-level position.

Would-be finance directors also said that the financial stability of the organisation would be a factor, particularly given the current economic conditions and the expected financial squeeze in the coming years. The importance of an organisation's board, finance team and culture were also seen as important considerations.

The survey also asked aspirant finance directors what experience and support they felt they needed to prepare for a director level position. There was significant agreement on the need for more exposure to board activities and to wider organisational activities outside of the finance department. (One foundation trust deputy suggested that this sort of exposure –for instance deputising for the finance director at board meetings – was less common in foundation trusts.) Some aspirant directors identified the need for better skills in influencing and negotiating or experience in other parts of the NHS (provision, commissioning or economy oversight) before taking a step up. Others specifically called for secondments or shadowing opportunities to help them move forward or for the opportunity to lead multi-disciplinary teams within their current organisations. Many also identified a need for a finance director mentor. One deputy suggested that it would be helpful to spend time with the chief executive to gain an understanding of their expectations of the finance director role.

Two-thirds of these would-be finance directors have spoken to their finance director about their next career move, but just over one in 20 had spoken to their strategic health authority finance director about next steps. Nearly 15% had talked to a mentor but nearly a quarter of the sample (23%) had spoken to nobody about their next career move. And for 30% of these deputies, somebody had actually sought them out to broach the subject of next steps. These 'interested parties' included chief executives, chairmen, finance directors, finance staff development leads and recruitment headhunters. Just 38% of deputies had a personal development plan setting out their development needs for taking on a director level role.

- **Committed deputies**

Some 38% of the overall sample of deputies had no desire to become a finance director. The survey examined their reasons. A negative impact on work/life balance was cited by numerous respondents with some commenting that they already worked long hours and would not want to add to this.



Others said that previous interim, acting or substantive finance director roles had put them off. Many also identified the positive aspects of their current roles or suggested that their current role was best suited to their skill set.

Comments included:

***'I have had three periods as acting director of finance and found it difficult to handle the politics, backstabbing and criticism.'***

***'My main issue would be lack of support, the risk associated with taking a DoF role and the subsequent impact on me and the other parts of my life.'***

***'The current role I have is probably as close to my ideal job as I could get.'***

***'I have a high level of technical ability, but am less confident on my ability to be a leader/figure head. I get greater job satisfaction from an involvement in the detail.'***

One deputy also identified a strong attachment to his current organisation arguing that the organisation had delivered a new hospital under the private finance initiative and achieved foundation trust status. He added:

***'I and my family live around here and use this hospital, I'm proud of it and don't see the need to leave.'***

A number of deputies said that nothing would make them think differently. However others suggested that greater support for finance directors, in particular from strategic health authorities and resources to enable finance directors to work a 'reasonable' working week might influence their decisions. Some openly admitted it was a confidence issue while other suggested that more structured training aimed at addressing deputies development needs would help.

Comments included:

***'There needs to be more clarity and development for the role of the finance director. The role is far more strategic and corporate than purely finance. There needs to be more development on how to take on this side of the role.'***

***'More structured training is needed to gain the skills to do the job well, coupled with greater support once in the role, especially when tough financial strategies have to be implemented.'***

Given these deputies had ruled out a role as a finance director, the survey asked them what their next step would be. Four in 10 expected to stay in their current role, while just over three in 10 were targeting a similar role in a different NHS body.

<b>Next job move?</b>	<b>Response Percent</b>
Stay in current role	38%
Take job outside finance	2%
Take job outside health service	8%
Take similar role in another NHS body	32%
Other (please specify)	21%

Over a third of this group had not talked to anyone about their decision not to look for a director role or about their next career move in general, while half the sample had discussed the issue with their finance director. Nearly 45% of the same group said that no-one had approached them proactively to talk about their future career plans.



Annex 2

**Talent Management/Leadership Development programmes**

<b>SHA Name of Programme</b>	<b>West Midlands Developing talent programme</b>	<b>Yorkshire and the Humber Realising your own potential Scheme</b>	<b>South East Coast Aspirant directors programme (multi disciplinary)</b>	<b>South West Developing Talent Programme</b>
<b>Aim/Objective</b>	To provide finance staff with the tools to move into more senior roles	By the end of the programme each participant will have created an Action Plan that they have agreed with line manager, highlights areas of personal strength and focuses on development areas.		Addresses critical competencies required at deputy and FD level. Aims to provide participants with opportunity to update skills and develop performance in the context of their own organisation and wider NHS.
<b>Target audience</b>	By nomination from the FD – AFC band 8 who the FD considers have the potential to move into more senior roles, or who could benefit in their existing role	For second-in-line, senior finance managers and those who directly report to them ie. bands 8a-8d	Aspirant directors from all functions	Aspirant directors of finance, second-in-line and those who report to them ie. band 8a-8d
<b>Programme structure eg. modular</b>	Modular	Modular		Modular
<b>Num of modules/duration/timings</b>	Introductory day, five modules and Pat Oakley ‘masterclass’	Two core modules + choice of further modules. (self awareness and bringing it all together). Participants can also choose from: communication and personal impact; influence and negotiation; developing others; leading change through people; and strategic thinking		Introductory half day focusing on deputy and FD competencies Further 7 modules held over 9 month period
<b>What does the programme cover?</b>	Modules cover: communicating with impact; influencing and	Core modules include self awareness and bringing it all		Modules include: self awareness; communication and

	coaching; emotional intelligence and leadership; strategic thinking; and career development and integration.	together. Participants can also choose from: communication and personal impact; influence and negotiation; developing others; leading change through people; and strategic thinking. One-to-one coaching also offered.		personal impact; influence and negotiation; developing others; leading change through people; strategic thinking; and wrap up/bringing it all together.
<b>Number of delegates</b>	Circa 18	20	Cohorts one and two - 52 aspirant directors	Circa 20
<b>Previous programme dates (if any)</b>	This is the third programme run by the same consultants. West Midlands has been running management development programmes for a number of years	June 2008- June 2009	Cohorts one and two	2008/09 – two programmes Currently two programmes running
<b>How is the programme evaluated?</b>	By participants, programme consultants and FDs	Ongoing dialogue with participants, evaluations after all modules and at the end of the programme		Ongoing dialogue with participants, evaluations after all modules and at the end of the programme
<b>Does the SHA intend to run future programmes?</b>	Yes	Running a further programme in 2010	Yes	Yes

<b>Any other initiatives to address talent management/leadership development? eg. mentoring, shadowing, coaching etc</b>	Each delegate on the developing talent programme is provided with a mentor	Coaching available	Coaching available	Coaching available to all participants on programme
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<b>SHA Name of Programme</b>	<b>North East Developing talent programme</b>	<b>London Talent transitions programme</b>	<b>North West Finance talent management programme</b>	<b>East of England FSD senior programme</b>
<b>Aim/Objective</b>	Addresses critical competencies required at FD level. Aims to provide participants with opportunity to update skills and develop performance in the context of their own organisation and wider NHS.	Addresses critical competencies required at FD level. Aims to provide participants with the opportunity to update skills and develop performance in context of own organisation and wider NHS.	Final measurable objective is by 2011, 75% of all candidates for NHS finance jobs at band 8a and above who are working for finance teams at time of application will be deemed to be 'above the line' by interviewing panel.	To facilitate behavioural change, explore and understand personality preferences, develop strategic thinking and understand how to work with other styles.
<b>Target audience</b>	Aspirant directors of Finance, second-in-line/Deputies	Aspirant directors of finance, second-in-line/deputies	Any qualified accountant in who has been nominated by their FD as someone with ability and ambition.	Band 8 and 9 senior finance staff
<b>Programme structure eg. modular</b>	Modular	Modular	five elements: (1) on-going, modular 'learning interventions'; (2) master-classes; (3) job-swap programme; (4) secondment programme; and (5) self-organised action learning sets.	Modular

<b>Num of modules/duration/timings</b>	Introductory half day focusing on FD competencies Further 7 modules held over 9 month period	Introductory half day focusing on FD competencies Further 7 modules held over 9 months period	Ongoing. Being developed as programme runs. Learning interventions are all-day events; master-classes are evening events.	4 x 2 day residential modules over 6 months, plus a follow up 1 hour coaching session
<b>What does the programme cover?</b>	Modules include: self awareness; communication and personal impact; influence and negotiation; developing others; leading change through people; strategic thinking; and wrap up/bringing it all together.	Modules include: self awareness; communication and personal impact; influence and negotiation; developing others; leading change through people; strategic thinking; and wrap up/bringing it all together.	Learning interventions to date: understanding yourself and others; influencing skills; emotional intelligence; strategic thinking. Planned interventions: personal resilience; negotiating skills; turnaround skills. Master-classes to date: Being an FD and coaching / mentoring. Planned master class: session with senior doctor and senior nurse.	Modules include: self awareness and emotional intelligence including personality type profiling; intuitive leadership; coaching skills; modelling excellence; strategic thinking; voice training; and presenting yourself with impact
<b>Number of delegates</b>	Circa 20	Circa 20	total group is 105. Split into three cohorts of approx. 35 each according to experience and assessed potential.	12
<b>Previous programme dates (if any)</b>	July 2009 – Feb 2010		commenced Sept 2009 and ongoing.	Not previously run in the East of England
<b>How is the programme evaluated?</b>	Ongoing dialogue with participants, evaluations after all modules and at the end of the programme	Ongoing dialogue with participants, evaluations after all modules and at the end of the programme	No evaluation to date.	Currently undertaken by South Central

<p><b>Does the SHA intend to run future programmes?</b></p>	<p>Second programme running Feb-Nov 2010</p>	<p>Not at present</p>	<p>There is a financial commitment to continue the existing programme in 2010/11.</p>	<p>Yes – we are considering the possibility of running this jointly with South Central in 2010-11</p>
<p><b>Any other initiatives to address talent management/leadership development? eg. mentoring, shadowing, coaching etc</b></p>	<p>Introduction to coaching and mentoring programme Coaching available to all participants on programme</p>	<p>Some coaching taking place with delegates on Talent Transitions programme</p>	<p>Mentoring, coaching, applied learning programme for FDs, Management development programme aimed at more junior / less experienced staff.</p>	<p>FSD introduction to people and team management FSD management development programme for aspiring deputy/assistant directors of finance Aspiring directors development programme High potential executive programme – targeting talent</p>