

hfma briefing

Contributing to the debate on NHS finance
June 2010

NHS finance function in profile

Foreword



The NHS finance function makes a valuable contribution to the NHS. And in the coming years, its skills will become even more important. In addition to the vital role in maintaining financial health and supporting initiatives such as the expansion of payment by results in England, finance managers will increasingly be at the heart of the drive for service and productivity improvement.

But at the same time, there is already a push to reduce management and administration costs to maximise spending on front line services. The finance function will not be immune from these pressures.

Given this context, it is important to understand the size and make-up of the NHS finance function – both so we can understand its profile now and so that we can track future changes in numbers and skill mix as we move forward.

While the NHS Information Centre produces an annual report on the size of the NHS workforce in general, this does not separately identify finance staff. The NHS Finance Skills Development (FSD) team has undertaken a high-level census of the NHS finance function for a number of years. However, this has not been a mandatory exercise and, as a result, has not always been comprehensive. The results

have also not always been published, meaning that people have a tendency to quote outdated figures.

This report is the result of a collaboration between the HFMA and FSD, and is one of a number of outputs from work undertaken by HFMA on building world class finance – my theme while I was chairman of the HFMA (2008/09).

The aim is to improve understanding of the make-up of the finance function and to sketch out a portrait of the 'average' finance department across all the various NHS organisations. It aims to provide a robust baseline against which future changes can be monitored.

This has not been a mandatory data collection. However, at 99%, the response rate has been excellent and we are grateful for the support of FSD, strategic health authorities, the Department of Health and all the NHS bodies that filed a return. The clear aim now is to conduct this exercise on a two-yearly basis. We will look to maintain the response rate in England and expand the census to cover Wales, Scotland and Northern Ireland in 2011. We will also investigate ways to improve the collection template and maximise the value of the data.

Bill Shields, HFMA immediate past chairman

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CONTENTS

Staff by organisational type	4
Case study: University Hospitals Birmingham	5
Average staffing levels	6
Staff working in shared services providers	6
Finance staff by pay band	9
Impact of shared services	10
Banding breakdown by organisational type	10
Understanding the drivers for finance function size	11
Band 9	12
Male/female split	13
Qualifications breakdown	14

Introduction

At the end of 2008, the HFMA launched its 'Building world class finance' initiative. The initiative was set up by Bill Shields (HFMA chairman 2008/09) and overseen by a specially convened World Class Finance Group.

One strand of work identified by the group was to develop a better understanding of the make-up of the NHS finance function. Although earlier basic censuses of the finance function had been undertaken, these had never moved beyond providing a breakdown of the function into qualified accountants, studying and non-qualified staff. The group proposed a much more granular analysis based on agenda for change (AFC) pay bands and organisational type.

The aim was to provide enhanced understanding of the current NHS finance function structure and to provide a useful baseline of data against which organisations could compare their own staffing levels. With an intention of running the census every two years, the finance function profile would also provide a mechanism for tracking changes in the NHS finance function over the years.

The first year of this data collection was 2009. The HFMA worked closely with the NHS Finance Skills Development (FSD) team, both nationally and within local strategic health authorities. The regular annual data collection undertaken by FSD was used as a starting point for the enhanced collection, with

revised templates collecting detail about AFC pay bands. The census could not have been undertaken without the support of FSD and the HFMA is grateful for the effort and energy in issuing the templates and ensuring as full a response as possible. It is hoped in future years the collection can widen to cover all four UK nations.

Census response

The data collection provides a snapshot of the English NHS finance function in the second half of 2009. The census templates were targeted at FSD leads in individual NHS organisations, via FSD managers in the relevant SHAs.

A total of 419 NHS organisations responded to the survey. Only three organisations did not submit a return – two foundation trusts and an audit/consultancy consortium. This represents a 99% return rate (see table 1).

An 'other' organisation category includes audit consortia, shared services agencies and separate specialised commissioning organisations. The organisations included in this category are those identified by FSD managers in each SHA area to be stand-alone organisations. However, six of the 19 'other' organisations included in the data collection filed returns as part of other organisations.

In terms of the core NHS (trusts, FTs, PCTs and SHAs), returns were received from 400 of a maximum 402 organisations – a return rate of more than 99%.

TABLE 1: SURVEY RESPONSE BY ORGANISATION TYPE

Organisation type	Number of organisations in census	Total organisations in NHS
Ambulance trusts	11	11
FTs, mental health	36	36 ¹
FTs, acute	84 ²	86 ¹
NHS trusts, mental health	21	21
NHS trusts, acute	86	86
PCTs	152	152
SHAs	10	10
Other ³	19 ⁴	20 ⁵
TOTAL	419	422

¹ Although the return was intended to reflect the staffing position at 31 July, the deadline was subsequently extended. At the cut-off point, there were 122 foundation trusts; foundation trusts authorised after this date have been analysed under NHS trusts

² Two FTs did not file a return

³ Six 'other' organisations' staffing figures are included within the returns for other NHS bodies

⁴ One 'other' organisation did not file a return

⁵ This is the number of stand-alone 'other' organisations recognised by SHA FSD leads

Staff in post

There are 16,263 finance staff in post across the 419 organisations taking part in the census. (This report concentrates on the staff in post headcount, rather than whole-time equivalents in post). This compares with a reported establishment of 17,968, suggesting there are 1,705 vacancies (9%) or roughly four vacancies per organisation (see table 2).

The overall vacancy rate is skewed by an exceptionally high vacancy rate in London, without which the national average would be closer to 7.5%. It is also likely that the vacancy rate is exaggerated in some organisations where the establishment has informally been set at a lower

TABLE 2: STAFF IN POST AND VACANCY RATE BY SHA

SHA	Establishment headcount	Staff in post headcount	Vacancies headcount	Vacancy rate
North East	957	926	31	3%
North West	3,027	2,813	214	7%
Yorkshire and Humber	1,817	1,728	89	5%
East Midlands	1,251	1,175	76	6%
West Midlands	2,122	1,930	192	9%
East of England	1,709	1,537	172	10%
London	3,150	2,557	593	19%
South East Coast	1,361	1,199	162	12%
South Central	928	849	79	9%
South West	1,646	1,549	97	6%
TOTAL	17,968	16,263	1,705	9%

level but has yet to go through a formal review. The split of staff in post by strategic health authority is shown in table 3, below:

TABLE 3: ORGANISATIONAL BREAKDOWN BY SHA

Number of organisations in census							Staff in post headcount	Organisation turnover (£000)
SHA	FT	Trust	PCT	SHA	Other	TOTAL		
North East	9	2	12	1	1	25	926	7,852,217
North West	25	14	24	1	4	68	2,813	21,157,692
Yorkshire and the Humber	13*	8	14	1	1	37	1,728	14,392,339
East Midlands	6	8	9	1	1*	25	1,175	10,741,179
West Midlands	11	16	17	1	3	48	1,930	15,193,290
East of England	14	12	14	1	6	47	1,537	14,728,194
London	14	28	31	1	0	74	2,557	25,755,675
South East Coast	7	11	8	1	1	28	1,199	10,436,809
South Central	6*	8	9	1	0	24	849	9,113,612
South West	15	11	14	1	2	43	1,549	13,127,351
TOTAL	120	118	152	10	19	419	16,263	142,498,358**

* Two FTs – one each in South Central and Yorkshire and the Humber – and one ‘other’ organisations in East Midlands did not file returns

** Total exceeds NHS allocation as it includes double counting of the element of PCT allocations spent with trusts/FTs

THE SIZE FACTOR

Tavistock and Portman NHS Foundation Trust has a modest sized finance function compared with other mental health trusts in a similar turnover band. There are 20 mental health trusts with a turnover of less than £100m. With just 12 finance staff, Tavistock and Portman is not the smallest finance team among mental health trusts with a turnover of up to £100m. The full staff count range stretches from nine to 45, but it is comfortably under the 21-staff average for this band.

Most of this is down to size. The Tavistock had a turnover of just £26m in 2008/09, making it the smallest mental health provider in England and the second smallest organisation across both mental health and acute providers. Other mental

health trusts with a similar turnover exhibit similarly sized functions. For instance, the six mental health trusts with a turnover less than £60m have an average finance function of just under 15 staff.

In addition, the Tavistock and Portman has its payroll and internal audit services provided externally, reducing its finance function by one to two whole-time equivalents. Finance director Simon Young says the FT has a relatively uncomplicated income stream for its clinical services, though post-qualification training requires it to collect fees from about 1,000 students.

Similarly, the **Royal National Hospital for Rheumatic Diseases NHS Foundation Trust** reported just four finance staff in the

census – making it the smallest finance function in the English NHS. As with all the returns, the figures reflect staff in post, rather than establishment. But even at full establishment, the finance function only stretches to 6.9 whole-time equivalents, including the finance director and one further qualified accountant.

The trust, a specialist in rheumatology and neuro-rehabilitation, is small, with a turnover of just £19m (2008/09) – one of just five trusts/FTs with turnover less than £50m. This clearly influences the size of the finance team. However, the trust also outsources its accounts payable, accounts receivable and payroll services. It is also reliant on temporary staff to help during extremely busy times such as the year-end.

TABLE 4: STAFF BY ORGANISATIONAL TYPE

Organisation type	Number of organisations	Staff in post headcount	Organisations' combined turnover (£000)	Staff in post as % of all staff
Ambulance trusts	11	280	1,768,240	2
FTs, mental health	36	1,165	4,791,492	7
FTs, acute	84*	4,720	20,731,534	29
NHS trusts, mental health	21	694	2,628,755	4
NHS trusts, acute	86	4,404	22,761,105	27
PCTs	152	4,249	82,121,746	26
SHAs	10	239	5,549,939	1
Other (inc shared services, audit and specialised commissioning)**	13 (19)**	512	2,145,547	3
TOTAL	419	16,263	142,498,358***	

* Two FTs and one 'other' organisation did not file a return

** Six 'other' organisations' staffing figures are included within the returns for other NHS bodies

*** Total exceeds NHS allocation as it includes double counting of the element of PCT allocations spent with trusts/FTs

TABLE 5: STAFF BY HEALTHCARE SECTOR

Organisation type	Number of organisations	Staff in post headcount	Organisations' combined turnover (£000)	Staff in post as % of all staff
Ambulance trusts	11	280	1,768,240	2
Mental health, FTs and NHS trusts	57	1,859	7,420,247	11
Acute, FTs and NHS trusts	170	9,124	43,492,639	56
PCTs	152	4,249	82,121,746	26
SHAs	10	239	5,549,939	1
Other (inc shared services, audit and specialised commissioning)	19	512	2,145,547	3
TOTAL	419	16,263	142,498,358	



The size of an organisation and its turnover will clearly have implications for the size of the finance function

Analysing the total staff numbers by organisational type reveals that 69% of finance staff work in foundation trusts and NHS trusts (including ambulance trusts), while 26% work in PCTs. No split was attempted in 2009 for staff working in commissioning and provision within PCTs (see table 4 and 5 above).

Average staffing levels

Crude averages for staffing levels across the NHS need to be read with care when attempting to make comparisons. For instance, a significant number of PCTs have outsourced financial services to NHS Shared Business Services (SBS), while others may be part of local shared service arrangements. (SBS is not included in this year's general census figures. See page 6 for breakdown of SBS staff.)

Those PCTs with in-house financial services would

expect to have higher than average staffing levels compared with other PCTs. (See case studies for examples of why finance functions may report different staffing levels.)

The overall average suggests that the average finance department contains 39 staff. With the exception of ambulance trusts, provider organisations tend to have larger finance departments than PCTs (28).

However, there is a difference between the average staffing levels in acute (54) and mental health organisations (33). Given that nearly 90% of the mental health trusts/FTs in the census have a turnover of less than £200m (compared with just 29% of acute trusts/FTs), this comparison is likely to be distorted by issues relating to size.

There is also a small difference between staffing levels in acute FTs and acute NHS trusts. The sample size is similar. The 4,720 finance staff working in 84 acute FTs, with a turnover of £20.7bn, compares with 4,404 staff in 86 trusts with a £22.8bn turnover.

On average, acute FTs have 56 staff in their finance departments compared with 51 in NHS trusts (see Table 6).

The size of an organisation and its turnover will clearly have implications for the size of the finance function. The tables overleaf (page 6) analyse acute and mental health provider organisations by turnover bands. Average staffing levels increase with turnover, although there are some significant differences between the smallest and largest functions within each band.

Looking at all organisations suggests that mental health trusts on average have smaller finance departments than acute providers. However, once turnover is factored in, this narrows the gap.

In both the 0 – <£100m and £100m – <£200m bands (the only categories with enough mental health trusts to enable meaningful comparison), average staffing levels are similar across the mental health and acute sectors.

Reworking the numbers to look at trusts within a 0 – <£200m bracket reveals that the average staffing level for acute trusts is 32 staff compared with 31 in the mental health sector.

TABLE 6: AVERAGE STAFF IN POST BY ORGANISATIONAL TYPE

Organisation type	Number of organisations	Staff in post headcount	Average staff in post
Ambulance trusts	11	280	26
FTs, mental health	(36)	(1,165)	32
FTs, acute	(84)	(4,720)	56
FTs, all	120	5,885	49
NHS trusts, mental health	(21)	(694)	33
NHS trusts, acute	(86)	(4,404)	51
NHS trusts, all	107	5,098	48
Mental health, FTs and NHS trusts	(57)	(1,859)	33
Acute, FTs and NHS trusts	(170)	(9,124)	54
PCTs	152	4,249	28
SHAs	10	239	24
Other (inc shared services, audit and specialised commissioning)	13*	512	39
TOTAL	419	16,263	39

* Six of the 19 other organisations submitted figures as part of other organisations' returns. They are therefore not counted in the 'other' organisations average. However, their staff numbers will be included in the returns of their host organisations, which would slightly increase the average staff in post of those organisation types

CASE STUDY: UNIVERSITY HOSPITALS BIRMINGHAM

With 219 staff, University Hospitals Birmingham NHS Foundation Trust (UHB) is comfortably the biggest finance function in the NHS. It has 100 staff more than the nearest similarly sized trust in turnover and 50 staff more than the next biggest finance function looking across all providers.

The difference in scale can be explained by the existence of a major payroll service, which the FT provides for more than 20 other NHS bodies. This also illustrates why the high-level figures in this census should only be used as a starting point for asking questions. For accurate benchmarking, a more detailed understanding of the activities carried out by different organisations, alongside the staffing level and skill mix, would be needed.

UHB is a big trust. A leading university teaching hospital, it operates out of two hospitals – the Queen Elizabeth and Selly Oak – but will be moving into a new £545m hospital in summer 2010 (pictured).

With a turnover (2008/09) of £465m and 6,900 staff, it provides general hospital services for a local population of more than half a million people, as well as operating as a regional centre for cancer, trauma, burns and plastics and running the largest

solid organ transplantation programme in Europe. Within finance, the trust runs a payroll service for 21 other trusts and primary care trusts, in total paying around 100,000 people. To put this into context, this is close to 10% of the English NHS workforce and is similar in size to the payroll service delivered by the Department of Health/Steria partnership NHS SBS, which pays around 150,000 employees in 50 organisations.

About 100 staff work in payroll at UHB, with only nine of those linked to UHB's own payroll. Removing this 'external' payroll function brings the trust in line with peer organisations within the same turnover band. UHB's internal data shows that the FT has 110 finance staff in-house (whole-time equivalent rather than headcount). Three



other acute trusts/FTs have a turnover between £400m and £500m and these also have staff levels between 110 and 120.

Like these other trusts, UHB also provides other financial services (in addition to payroll) to local organisations. For UHB these include the provision of financial systems to a number of local trusts, and creditor payments, sales ledger and financial accounts to Birmingham Women's NHS Foundation Trust. It also provides financial accounts/services to its own, independent charity and Birmingham Children's Hospital Charities. While it is difficult to unwind the staff time spent delivering these services from the trust's own activities, the trust estimates the activities swell the establishment by more than 10 staff.

The trust's new hospital – also to be known as the Queen Elizabeth – has been built under the private finance initiative. This has required a number of additional finance staff to provide project support. This increase is expected to be time-limited.

In fact while the census figures peg UHB as the country's biggest finance function, local benchmarking suggests the trust achieves good value for money – with a finance function cost of around 1.05% of turnover just under the average 1.12% for the West Midlands health economy.



About this guide

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TABLE 7: AVERAGE STAFFING LEVELS , ALL PROVIDERS (TRUSTS/FTS, MENTAL HEALTH AND ACUTE) BY TURNOVER

Turnover	Number of organisations	Staff total	Average staff	Range	
				Max	Min
£0 - <£100m	38	861	23	116	4
£100m - <£200m	92	3,242	35	102	12
£200m - < £300m	46	2,660	58	110	23
£300m - <£500m	38	2,854	75	219	27
£500m+	13	1,366	105	164	56
£19m-£881m	227	10,983	48	219	4

TABLE 8: AVERAGE STAFFING LEVELS, ALL MENTAL HEALTH (TRUSTS/FTS) BY TURNOVER

Turnover	Number of organisations	Staff total	Average staff	Range	
				Max	Min
£0 - <£100m	20	413	21	45	9
£100m - <£200m	31	1,147	37	102	12
£200m - < £300m	5	244	49	64	36
£300m - <£500m	1	55	55	55	55
£27m-£355m	57	1,859	33	102	9

TABLE 9: AVERAGE STAFFING LEVELS, ALL ACUTE (TRUSTS/FTS) BY TURNOVER

Turnover	Number of organisations	Staff total	Average staff	Range	
				Max	Min
£0 - <£100m	18	448	25	116	4
£100m - <£200m	61	2,095	34	58	16
£200m - < £300m	41	2,416	59	110	23
£300m - <£500m	37	2,799	76	219	27
£500m+	13	1,366	105	164	56
£19m-£881m	170	9,124	54	219	4

STAFF WORKING IN SHARED SERVICES PROVIDERS

Over the past decade, **NHS Shared Business Services (SBS)** – a joint venture between the Department of Health and business process outsourcing/IT services company Steria – has become part of the NHS finance landscape. Originally set up as a pilot in 2001, in 2005 the service was launched as a joint venture with outsourcing specialist Xansa, which was subsequently acquired by Steria in 2007.

The service has 162 contracts, with customers including 58 PCTs, 28 acute and mental health trusts, and 12 FTs. Some of these organisations take more than one SBS service. There are 124 clients for its finance and accounting services – it makes more than £31bn of payments a year. Some 150,000 NHS staff are paid across its 52 payroll clients. SBS also has seven clients for its family health services.

The service is provided from four UK locations supported by two offshore teams in India. There are almost 1,000 operational staff in total with 518

salaried staff (55% of workforce) based in the UK. Of these 518, 224 transferred from client organisations as part of TUPE arrangements (43% of UK workforce). Of the staff on agenda for change contracts, 53% are bands 1 to 4, 27% are bands 5 and 6, and 20% are bands 7 and 8.

There are 13 CCAB qualified accountants in SBS in the UK, with a further 50 people qualified at AAT level or similar and five part-qualified accountants. There are also a large number of Institute of Payroll Professionals (IPP) qualified staff in payroll.

East Lancashire Financial Services (ELFS) provides shared financial services to 11 NHS clients. Having

SBS STAFF ON AGENDA FOR CHANGE

Band 8	26
Band 7	20
Band 6	22
Band 5	41
Band 4	32
Band 3	59
Band 2	28
Band 1	2
Total	230

TABLE 10: AVERAGE STAFFING LEVELS, COMPARISON OF ACUTE AND MENTAL HEALTH BY TURNOVER

Turnover	Average staffing level		
	All providers (MH and acute)	Mental health providers	Acute providers
£0 - <£100m	23	21	25
£100m - <£200m	35	37	34
£200m - < £300m	58	49*	59
£300m - <£500m	75	55**	76
£500m+	105	-	105
All organisations	48	33	54

* Based on small sample

** Based on one organisation's return

A similar analysis, looking at the link between turnover and finance staffing, was undertaken for PCTs (see table 11, right).

Again average staffing levels within finance departments increase as turnover increases – from an average of 18 staff in PCTs with turnover under £300m to 54 staff for the largest PCTs.

And once again there are some significant differences in the ranges of staffing levels reported for each turnover band.

TABLE 11: AVERAGE STAFFING LEVELS, PCTS BY TURNOVER

Turnover	Number of organisations	Staff total	Average staff	Range	
				Max	Min
£100m - <£300m	17	313	18	42	9
£300m - <£400m	27	551	20	43	6
£400m - < £500m	33	850	26	83	9
£500m - <£700m	28	805	29	60	13
£700m - < £900m	17	589	35	100	14
£900m+	21	1,141	54	87	24
£163m-£1.9bn	143*	4,249	30	100	6

* Nine PCTs filed returns as part of other PCTs

started out in 2002 as a partnership constructed from its initial clients, it is now formally a shared services business division of Calderstones Partnership NHS Foundation Trust, which had previously hosted the partnership service. (The census figures for Calderstones do not include ELFS staff).

ELFS' initial focus on NHS organisations in the north west is now expanding. It has recently taken on its first non-local client, providing accounting and systems services to Norfolk and Waveney Mental Health NHS Foundation Trust and has a five-year growth plan that aims to add two or three clients a year. The organisation sees itself as a public sector provider and very definitely part of the NHS.

There are 80 whole-time equivalent staff – 62 women (78%) and 18 men (22%) providing different combinations of accounting, systems and payroll services across the seven PCTs, two mental health trusts, an acute and strategic health authority. In total each year, the service processes 230,000 pay slips, 80,000 travel

claims and 300,000 accounts payable invoices.

ELFS supports personal development and the achievement of qualifications relevant to the services provided and is accredited to FSD level 3. There are four CCAB qualified accountants and one CCAB student (in final year of study), with several other staff qualified to degree, AAT or NVQ level.

Some 62 staff transferred from their existing NHS organisations under TUPE arrangements when the service was set up. But with subsequent new clients, only one staff member has taken up the right to transfer. Some 51 of the 80 staff are in bands 2, 3 and 4 under agenda for change (no staff in band 1) and just seven staff above band 6.

ELFS STAFF BREAKDOWN (WTE)

Band 8	5
Band 7	2
Band 6	8
Band 5	14
Band 4	16
Band 3	19
Band 2	16
Total	80

In total each year, ELFS processes 230,000 pay slips, 80,000 travel claims and 300,000 accounts payable invoices



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NHS finance staff by pay band

Working with FSD, the HFMA has produced the first detailed breakdown of the NHS finance function by NHS pay band (see table 12). It provides a more granular view of the function and gives an insight into the typical make-up of a finance department in different organisations.

The finance function has also been analysed into three broad bands below director level to give a rough idea of the mix of seniority within different finance functions (bands 1-4, bands 5-6, and band 7 and above), as in table 13.

These will be affected by a number of factors, but shared management arrangements and the use of shared services or in-house provision for activities such as debtors and payroll will have a particular

impact on the number of staff working at more junior pay bands.

For instance, the North East has a high percentage of bands 1-4 (51% of all finance staff). Its 12 PCTs are grouped into four shared management units. This shared management set-up may well lead to a higher proportion of more junior staff.

South East Coast has a relatively low proportion of staff at the more junior levels (34% bands 1-4 compared with an average of 39%). This may be a result of wide-ranging use of shared services. For instance, 17 out of 27 NHS bodies buy in finance and accounting services from NHS SBS.

The pay bandings have also been analysed by organisational type, with the same three-band groupings also used.

TABLE 12: BANDING BREAKDOWN BY SHA HEALTH ECONOMY

	Staff in post	Total director	Total v senior manager	Band 9	Band 8d	Band 8c	Band 8b	Band 8a	Band 7	Band 6	Band 5	Band 4	Band 3	Band 2	Band 1	Other*
North East	926	16	4	2	21	28	35	58	72	101	111	223	157	90	1	7
North West	2,813	58	11	8	57	130	128	260	279	273	428	555	438	169	5	14
Yorkshire and the Humber	1,728	34	4	4	51	55	90	108	201	126	294	281	310	114	10	46
East Midlands	1,175	20	9	13	26	29	58	100	136	130	147	198	192	110	4	3
West Midlands	1,930	47	4	6	49	64	117	133	178	196	320	356	258	184	7	11
East of England	1,537	36	6	9	44	62	90	97	172	178	202	318	207	107	6	3
London	2,557	66	7	17	89	110	160	257	313	361	442	369	268	75	4	19
SE Coast	1,199	19	3	7	27	46	54	105	184	153	191	215	109	69	14	3
South Central	849	22	5	10	19	43	56	89	101	108	145	106	96	35	0	14
South West	1,549	40	3	12	40	35	77	143	171	180	234	271	194	134	8	7
TOTAL	16,263	358	56	88	423	602	865	1,350	1,807	1,806	2,514	2,892	2,229	1,087	59	127

* The other category was used as a catch-all for staff that did not automatically fit into any of the specific categories. For instance, one organisation had nearly 40 finance staff that had not transferred onto AFC. However the returns suggest that different organisations have treated this category in different ways and guidance will be tightened up in future years

TABLE 13: MIX OF SENIORITY BY SHA HEALTH ECONOMY

	Staff in post	Total director	Band 7 and above	Band 7 and above as % of all staff	Band 5 and 6	Band 5 and 6 as % of all staff	Band 1 to 4	Band 1 to 4 as % of all staff	Total other*
North East	926	16	220	24%	212	23%	471	51%	7
North West	2,813	58	873	31%	701	25%	1,167	41%	14
Yorkshire and the Humber	1,728	34	513	30%	420	24%	715	41%	46
East Midlands	1,175	20	371	32%	277	24%	504	43%	3
West Midlands	1,930	47	551	29%	516	27%	805	42%	11
East of England	1,537	36	480	31%	380	25%	638	42%	3
London	2,557	66	953	37%	803	31%	716	28%	19
South East Coast	1,199	19	426	36%	344	29%	407	34%	3
South Central	849	22	323	38%	253	30%	237	28%	14
South West	1,549	40	481	31%	414	27%	607	39%	7
TOTAL	16,263	358	5,191	32%	4,320	27%	6,267	39%	127



TABLE 14: BANDING BREAKDOWN BY ORGANISATIONAL TYPE

Organisation type	Number of organisations	Staff in post	Total director	Total v senior managers not on AFC	Band 9	Band 8d	Band 8c
Ambulance trusts	11	280	8	1	0	5	17
FTs, mental health	36	1,165	32	3	2	26	34
FTs, acute	84	4,720	75	15	18	64	129
NHS trusts, mental health	21	694	19	8	0	16	20
NHS trusts, acute	86	4,404	81	12	17	105	135
PCTs	152	4,249	132	17	27	181	225
SHAs	10	239	10	0	20	23	33
Other	13/19 *	512	1	0	4	3	9
TOTAL	419	16,263	358	56	88	423	602

* Staff from 19 'other' organisations are included in the census figures overall but only 13 submitted separate returns. The staff from the other six organisations will be included within host organisations

IMPACT OF SHARED SERVICES

Staffing levels in organisations at both ends of the various ranges of finance function sizes will often be a result of organisations outsourcing services to other providers or delivering services on behalf of other organisations.

For instance, **University Hospitals Birmingham NHS Foundation Trust**, which has a turnover of £465m, is by far the biggest finance function in England. It employs 219 finance staff – 55 staff more than the next nearest provider organisation.

However, many of these staff are employed in the provision of services to other organisations. For instance, the trust runs a payroll service for 21 organisations and provides other financial services locally as well (see box page 5).

At the other end of the scale, buying in financial services can have a significant impact on the size of the in-house team.

For instance, the finance function at **East Lancashire Hospitals NHS Trust**, which has a turnover of £316m, looks modest at just 27 staff compared with the average of 76 for acute organisations in the £300m-£400m band. This is largely down to the fact that all transactional services – creditors, debtors and payroll – are provided externally.

East Lancashire Financial Services has provided all the trust's financial services for several years, reducing the size of the function by around 25 staff. The trust also has its internal audit service provided by a consortium.

TABLE 15: MIX OF SENIORITY BY ORGANISATIONAL TYPE

Organisation type	Number of organisations	Staff in post	Total director	Band 7 and above	Band 7 and above as % of all staff	Bands 5 and 6	Bands 5 and 6 as % of all staff	Bands 1-4	Bands 1-4 as % of all staff	Total other
Ambulance trusts	11	280	8	94	34%	69	25%	106	38%	3
FTs, mental health	36	1165	32	368	32%	330	28%	434	37%	1
FTs, acute	84	4,720	75	1,215	26%	1,170	25%	2,175	46%	85
NHS trusts, mental health	21	694	19	214	31%	176	25%	285	41%	0
NHS trusts, acute	86	4,404	81	1,355	31%	1,202	27%	1,738	39%	28
PCTs	152	4,249	132	1,670	39%	1,189	28%	1,248	29%	10
SHAs	10	239	10	153	64%	54	23%	22	9%	0
Other	13/19 *	512	1	122	24%	130	25%	259	51%	0
TOTAL	419	16,263	358	5,191	32%	4,320	27%	6,267	39%	127

* Staff from 19 'other' organisations are included in the census figures overall but only 13 submitted separate returns. The staff from the other six organisations will be included within host organisations

Band 8b	Band 8a	Band 7	Band 6	Band 5	Band 4	Band 3	Band 2	Band 1	Total other
10	22	39	25	44	46	48	9	3	3
69	104	130	146	184	194	169	70	1	1
197	357	435	453	717	1032	712	411	20	85
27	70	73	78	98	134	94	50	7	0
278	337	471	483	719	773	669	275	21	28
247	399	574	533	656	588	439	216	5	10
25	20	32	25	29	11	7	3	1	0
12	41	53	63	67	114	91	53	1	0
865	1,350	1,807	1,806	2,514	2,892	2,229	1,087	59	127

Staffing levels will of course vary from organisation to organisation depending on numerous factors including the size (turnover) of the organisation and its complexity.

If an organisation buys in some of its financial or payroll services from a shared services organisation or private provider, this will reduce its finance workforce compared with organisations providing their own services in-house.

Equally an organisation delivering services for other organisations (such as finance and accounting or payroll) will report higher staffing levels.

However, with these caveats, the figures for average finance staff numbers by organisational type (table 16, page 12) give a rough idea of the breakdown of finance departments in different parts of the NHS.

For instance, an acute foundation trust on average has 56 finance staff compared with 51 for an acute NHS trust. While broadly similar, the averages suggest that the extra staff in FTs are concentrated in bands 1-4.

UNDERSTANDING THE DRIVERS FOR FINANCE FUNCTION SIZE

NHS Warwickshire provides a clear example of why care needs to be taken in reading the headline figures included within the finance function census.

With a turnover of £732m in 2008/09, the PCT is in the top quartile of PCTs by financial size (although half the size of the very biggest PCTs). However the census identifies it as having the largest PCT finance function by some margin. Its 100 staff in post (plus 16 vacancies) compares to an average PCT finance function of 30, an average of 35 for PCTs in the £700m to £900m bracket and an average of 54 for the very largest PCTs (turnover more than £900m).

In fact, it is one of just five PCTs with more than 80 finance staff, with 87 finance staff being the next nearest PCT in terms of staff in post and 97 being the nearest in terms of establishment.

However, Warwickshire's 'outlier' status can be explained by the

provision of financial services to other organisations in the area. It hosts Coventry and Warwick Audit Services (CWAS), which provides audit services for 25 other NHS bodies, as well as running payroll for four other PCTs and trusts.

In total CWAS and payroll account for 76 of the 116 establishment headcount. Just 10 of these work directly on the audit and payroll services for Warwickshire PCT – so the in-house establishment, for the purposes of external comparison, only amounts to 50 staff.

At 50 staff, Warwickshire is comfortably within the range for PCTs with a turnover of £700m to £900m, which, without Warwickshire, stretches to 64 staff.

(It should also be borne in mind that any organisation 'buying in' finance and accounting services, payroll and audit will also report a correspondingly smaller in-house finance team. This also needs to be factored in when making comparisons.)



TABLE 16: AVERAGE STAFF NUMBERS BY AFC PAY BAND

Organisation type	Number of organisations	Average total staff	Average director	Average band 9 and above	Average band 8
Ambulance trusts	11	25.5	0.7	0.1	4.9
FTs, mental health	36	32.4	0.9	0.1	6.5
FTs, acute	84	56.2	0.9	0.4	8.9
NHS trusts, mental health	21	33.0	0.9	0.4	6.3
NHS trusts, acute	86	51.2	0.9	0.3	9.9
PCTs	152	28	0.9	0.3	6.9
SHAs	10	23.9	1.0	2	10.1
Other	13/19*	39.4	0.1	0.3	5.0
TOTAL	419	38.8	0.9	0.3	7.7

* For the purposes of overall averages 19 'other' organisations are included in the overall denominator. However, for the specific average for 'other' organisations, only 13 organisations are included as six 'other' organisations included their staff figures in the returns of their host bodies

Band 9

Agenda for change (AFC) band 9 was 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.

Since AFC was introduced, organisations have started to use band 9 within finance departments. However, its use is patchy. A separate survey by the HFMA of deputy finance directors has revealed that different policies are being applied to the use of band 9 across the NHS.

In some areas, human resources departments are blocking band 9 finance appointments. In some of these areas, organisations have appointed deputies outside AFC, sometimes using band 9 as a guide for salary level. In other areas band 9 is used as an extension to the other eight bands within AFC. Some 88 finance managers across England have been evaluated as band 9 under AFC.

All strategic health authority areas have at least one band 9 (see below).

North East	2
North West	8
Yorkshire and the Humber	4
East Midlands	13
West Midlands	6
East of England	9
London	17
South East Coast	7
South Central	10
South West	12
TOTAL	88

TABLE 17: GENDER SPLIT BY ORGANISATION

Organisations	Staff in post	Total staff, male	Total male as % of all staff
North East	926	302	33%
North West	2,813	916	33%
Yorkshire and the Humber	1,728	633	37%
East Midlands	1,175	405	34%
West Midlands	1,930	682	35%
East of England	1,537	559	36%
London	2,557	1,131	44%
South East Coast	1,199	459	38%
South Central	849	320	38%
South West	1,549	532	34%
TOTAL	16,263	5,939	37%

* includes finance directors

Just over half the band 9 appointments were concentrated in four southern SHA health economies, London, South East Coast, South Central and South West. There were no band 9 appointments within ambulance trusts or mental health NHS trusts.

However, in overall terms there were no signs of greater use of band 9 within foundation trusts.

Across a similar sample size (86 NHS trusts with combined turnover of £22.8bn, 84 FTs with turnover of £20.7bn), the acute trust and FT sectors had appointed 17 and 18 finance managers respectively at band 9. There were 27 band 9s in PCTs and 20 in strategic health authorities, although one SHA had made no band 9 appointments.

But in areas making little use of band 9, it tended to be FTs making the appointments.

In some areas, organisations have appointed deputies outside agenda for change, sometimes using band 9 as a guide for salary level

Average band 7	Average band 6	Average band 5	Average band 4	Average band 3	Average band 2	Average Band 1
3.5	2.3	4.0	4.2	4.4	0.8	0.3
3.6	4.1	5.1	5.4	4.7	1.9	0.0
5.2	5.4	8.5	12.3	8.5	4.9	0.2
3.5	3.7	4.7	6.4	4.5	2.4	0.3
5.5	5.6	8.4	9.0	7.8	3.2	0.2
3.8	3.5	4.3	3.9	2.9	1.4	0.0
3.2	2.5	2.9	1.1	0.7	0.3	0.1
4.1	4.8	5.2	8.8	7.0	4.1	0.1
4.3	4.3	6.0	6.9	5.3	2.6	0.1

Total staff, female	Total female as % of all staff	*Male band 7 and above	*Male band 7 and above as % of all band 7 and above	*Female band 7 and above	*Female band 7 and above as % of all band 7 and above	Male band 6 and below	Male band 6 and below as % of all band 6 and below	Female band 6 and below	Female band 6 and below as % of all band 6 and below
624	67%	119	49%	124	51%	183	27%	500	73%
1,897	67%	453	48%	492	52%	463	25%	1,405	75%
1,095	63%	292	49%	301	51%	341	30%	794	70%
770	66%	210	53%	184	47%	195	25%	586	75%
1,248	65%	332	55%	277	45%	350	26%	971	74%
978	64%	250	48%	269	52%	309	30%	709	70%
1,426	56%	616	59%	422	41%	515	34%	1,004	66%
740	62%	249	56%	199	44%	210	28%	541	72%
529	62%	186	52%	173	48%	134	27%	356	73%
1,017	66%	274	52%	254	48%	258	25%	763	75%
10,324	63%	2,981	53%	2,695	47%	2,958	28%	7,629	72%

Male/female split

Almost two-thirds of the NHS finance function are women (63%). However, this female bias reduces as seniority increases. While 72% of all staff at band 6

or below are women, this reduces to 47% at band seven and above.

By the most senior level, women make up just over one in five of all directors in post.

TABLE 18: GENDER SPLIT AT DIRECTOR LEVEL

	Total directors	Male directors	Male directors as % of all director	Female directors	Female directors as % of all director
North East	16	11	69%	5	31%
North West	58	45	78%	13	22%
Yorkshire and the Humber	34	29	85%	5	15%
East Midlands	20	16	80%	4	20%
West Midlands	47	41	87%	6	13%
East of England	36	26	72%	10	28%
London	66	54	82%	12	18%
South East Coast	19	18	95%	1	5%
South Central	22	18	82%	4	18%
South West	40	25	63%	15	38%
TOTAL	358	283	79%	75	21%

TABLE 19: QUALIFICATIONS BREAKDOWN BY SHA HEALTH ECONOMY

SHA	Staff in post	CCAB qualified	CCAB student	Audit qualified	Audit student	Payroll qualified	Payroll student	Other acc degree qualified	Other acc degree student	Tech/ NVQ qualified	Tech/ NVQ student	Not qualified/ studying
North East	926	201	121	1	2	8	1	27	0	210	60	295
North West	2,813	645	416	25	4	21	0	50	23	323	192	1,114
Yorkshire and the Humber	1,728	451	229	7	7	14	6	25	10	139	108	732
East Midlands	1,175	304	142	0	0	20	7	31	4	156	100	411
West Midlands	1,930	448	298	6	0	46	6	38	13	178	127	770
East of England	1,537	364	177	3	0	8	1	23	9	137	88	727
London	2,557	638	484	1	1	20	17	21	8	142	104	1,121
South East Coast	1,199	237	165	7	2	17	2	10	3	117	64	575
South Central	849	233	132	1	0	3	0	12	1	90	44	333
South West	1,549	370	226	3	2	13	15	23	0	178	81	638
TOTAL	16,263	3,891	2,390	54	18	170	55	260	71	1,670	968	6,716

TABLE 20: QUALIFIED ACCOUNTANTS AS PROPORTION OF ALL FINANCE STAFF

SHA	Staff in post	CCAB qualified	CCAB qualified as % of all staff	CCAB student	CCAB student as % of all staff
North East	926	201	22%	121	13%
North West	2,813	645	23%	416	15%
Yorkshire and the Humber	1,728	451	26%	229	13%
East Midlands	1,175	304	26%	142	12%
West Midlands	1,930	448	23%	298	15%
East of England	1,537	364	24%	177	12%
London	2,557	638	25%	484	19%
South East Coast	1,199	237	20%	165	14%
South Central	849	233	27%	132	16%
South West	1,549	370	24%	226	15%
TOTAL	16,263	3,891	24%	2,390	15%



The highest proportion of qualified staff to all staff is in the South Central health economy, where 27% of finance staff are CCAB qualified

Qualifications

Looking across the whole of England, a total of 3,891 staff are CCAB qualified while a further 2,390 are in the process of studying for a CCAB qualification.

In addition, the census identified nearly 300 staff who had or were studying for an audit or payroll qualification and a similar number had some form of accounting/finance degree or were studying for one.

A further 2,638 staff were either qualified or were studying at technician level. In total, 9,538 members of the NHS finance function had gained (or were

studying for) some form of job-specific qualification – 59% of all employees. On average CCAB staff make up 24% of the national finance function, with students accounting for a further 15%.

The highest proportion of qualified staff to all staff is in the South Central health economy, where 27% of finance staff are CCAB qualified. Meanwhile, the North East health economy has the smallest proportion at 22%. And London has the highest proportion of CCAB students – though this could be distorted by London's high vacancy rate, meaning its total staff headcount is artificially reduced.

TABLE 21: MIX OF ACCOUNTANCY QUALIFICATIONS

SHA	CCAB qualified	ACCA qualified	ACCA qualified as % of all CCAB	CIMA qualified	CIMA qualified as % of all CCAB	CIPFA qualified	CIPFA qualified as % of all CCAB	ICAEW qualified	ICAEW qualified as % of all CCAB
North East	201	43	21%	94	47%	51	25%	13	6%
North West	645	124	19%	278	43%	201	31%	42	7%
Yorkshire and the Humber	451	149	33%	180	40%	73	16%	49	11%
East Midlands	304	68	22%	151	50%	62	20%	23	8%
West Midlands	448	93	21%	193	43%	129	29%	33	7%
East of England	364	134	37%	112	31%	82	23%	36	10%
London	638	248	39%	223	35%	121	19%	46	7%
South East Coast	237	85	36%	94	40%	36	15%	22	9%
South Central	233	49	21%	127	55%	33	14%	24	10%
South West	370	92	25%	145	39%	83	22%	50	14%
TOTAL	3,891	1,085	28%	1,597	41%	871	22%	338	9%

TABLE 22: ACCOUNTANCY STUDENTS BY CCAB BODY

SHA	CCAB student	ACCA student	ACCA student as % of all student	CIMA student	CIMA student as % of all student	CIPFA student	CIPFA student as % of all student	ICAEW student	ICAEW student as % of all student
North East	121	28	23%	82	68%	10	8%	1	1%
North West	416	104	25%	286	69%	24	6%	2	0%
Yorkshire and the Humber	229	108	47%	108	47%	12	5%	1	0%
East Midlands	142	25	18%	104	73%	13	9%	0	0%
West Midlands	298	95	32%	176	59%	25	8%	2	1%
East of England	177	70	40%	99	56%	8	5%	0	0%
London	484	230	48%	233	49%	20	4%	1	0%
South East Coast	165	85	52%	73	44%	2	1%	5	3%
South Central	132	38	29%	89	67%	4	3%	1	1%
South West	226	48	21%	168	74%	9	4%	1	0%
TOTAL	2,390	831	35%	1,418	59%	127	5%	14	1%

TABLE 23: MIX OF CCAB BODIES (QUALIFIED AND STUDENT)

SHA	CCAB	ACCA	CIMA	CIPFA	ICAEW
Qualified	3,891	1,085	1,597	871	338
Student	2,390	831	1,418	127	14
CCAB total (qualified and students)	6,281	1,916	3,015	998	352
% of all CCAB		31%	48%	16%	6%

More than two fifths of the qualified accountants in the NHS are CIMA-qualified. A further 28% hold an ACCA qualification, 22% are CIPFA qualified and just under one in 10 are ICAEW.

There are some regional differences. For instance, half of all NHS accountants in the East Midlands are CIMA qualified, while in the East of England the figure is just 31%.

Earlier finance function surveys have suggested growth in the number of CIMA and ACCA accountants, and this trend is reinforced by analysis of students' qualification choice. Some 59% of students are

studying for CIMA, while 35% have opted for ACCA, with just 5% preferring the CIPFA qualification.

Combining qualifieds and students, the qualification split within the NHS reveals that just under half the NHS accountancy profession has opted for the CIMA qualification. ACCA has 31% of the total, while CIPFA accounts for 16%, with ICAEW picking up the remainder. ■

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