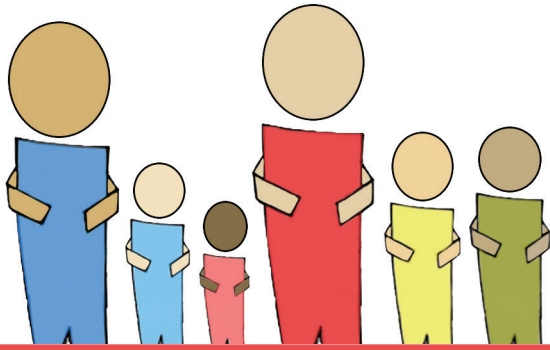


MAKING PEOPLE COUNT



**FUTURE
FOCUSED
FINANCE**

Supporting NHS finance leaders

July 2016

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Introduction and summary

This report summarises the HFMA's research into the obstacles faced by aspiring finance leaders in achieving their career ambitions and the support available for aspiring and current finance leaders. It draws on interviews with aspiring finance leaders, the results of a survey of aspiring and current finance leaders and desk-based research.

Colleagues leading on Future-Focused Finance (FFF) approached the HFMA to carry out this research to help deliver one of the initiatives relating to the Great Place to Work action area. A more detailed version of this report has been delivered to FFF. The overall purpose is to develop a sustainable programme to support aspiring NHS finance directors and chief finance officers (CFOs) (collectively referred to as finance directors) and creating a talent pool to improve the number and quality of applicants for future NHS finance leadership vacancies.

NHS finance leadership posts can be hard to fill. It was estimated in 2014 that 20% of finance director positions in trusts were vacant¹.

The reasons are many and varied in each organisation – the stress and challenge of the job and the opportunities for experienced finance directors to move to a more high-profile post, leaving some organisations with a lack of suitable candidates to fill the vacant roles. Some senior finance managers and deputy finance directors are not interested in becoming a finance director.

Responses to our survey highlight the significance of a range of factors in preventing aspiring directors from applying for vacancies. The most significant factors are respondents' negative perceptions of the work/life balance of the role (73%); the inherent risk of the role – the likelihood of being fired for financial results outside of the director's control or because of the difficulty of the role (72%); and the stress associated with the role (69%).

Survey respondents report having the fewest opportunities to gain exposure to leading system change, building relationships within their system and leading change in their organisations. These findings are supported by our interviews with aspiring finance directors.

Aspiring directors also find it difficult to build relationships with executive and non-executive directors, which would help them develop a more sophisticated understanding of their organisations beyond finance.

Finance directors identified some training needs not currently available in all areas, and the difference in the needs of aspirants and directors. Some 75% feel they have sufficient opportunities for networking with other finance directors to support their training needs. Additional support required that is not currently available for all respondents are methods of bringing local system leaders together in one place to hear national updates, embedding system accountability, and to hear about others' improvement work.

In general, our research found that a support network would help aspiring finance directors. However, it would need to be run in a way that would be of most benefit to its members.

From aspiring director to finance leader

Aspiring finance leaders can be at any stage of their careers, from graduate trainee to experienced deputy director of finance. There are no formal methods in the NHS finance community for identifying and monitoring staff with leadership potential. Our research found that where it does happen, it is likely to be on an ad hoc basis, where a finance director or chief executive will take an interest in someone's career and help them to progress. Interviewees felt having a supportive line manager is invaluable to helping aspiring directors recognise their potential and develop their skills.

Informal recognition from senior managers can often be a powerful

¹ www.kingsfund.org.uk/sites/files/kf/field/field_publication_file/leadership-vacancies-in-the-nhs-kingsfund-dec14.pdf

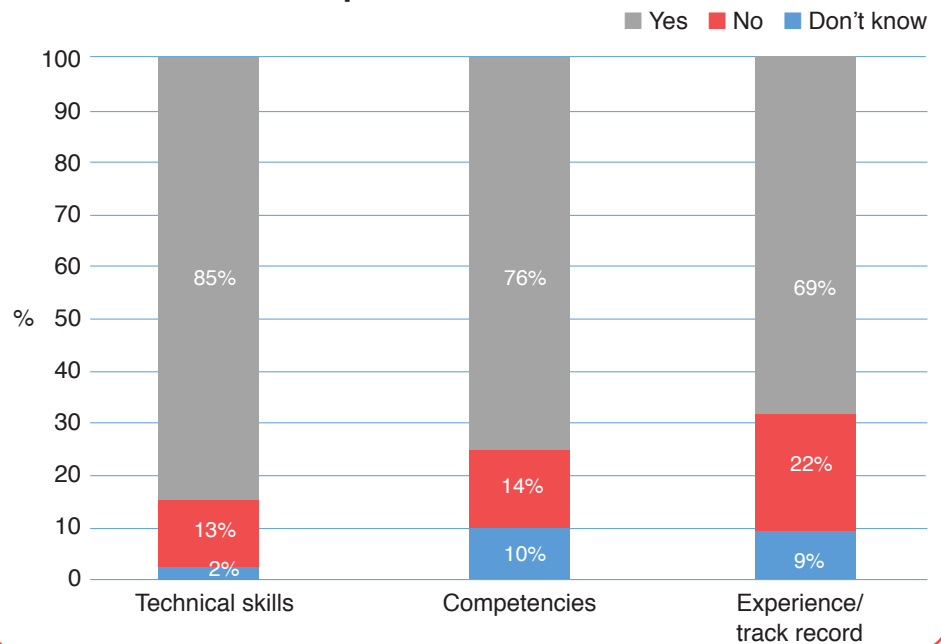
form of motivation. Several respondents, who were established deputy directors with many years of experience, lacked the confidence in their abilities to apply for finance director roles. Some felt it would be a good idea to identify future leaders early in their careers as they may not realise they have the potential. This would allow them to develop their skills and experience over time. It could also help women, black and minority ethnic staff and others who may not feel confident enough to push themselves forward for roles.

As part of our research we interviewed seven aspiring and current finance directors, asking questions about their career path, training and ambitions. Interviewees made it clear that providing networking opportunities for staff at all levels and the chance to find out more about the career possibilities in NHS finance are important. Hearing an inspirational senior manager speak at a conference or shadowing a director on a high-profile project can, for some people, be all that it takes for them to take charge of their careers and crystallise their ambition. All finance directors have an important role in nurturing their teams and helping people to discover their potential.

For many, the best solution to gaining career experience was to learn on the job but there were things they had done on an informal basis to help prepare themselves. For instance, several interviewees mentioned attending board meetings as a member of the public, simply to get exposure to how they operated.

Others had been given the chance to act up for their director but felt that other directors did not always challenge them as much as they would a substantive finance director, reducing the experience gained. As one recently appointed finance director said: 'The pressure is difficult to replicate. Sometimes members of the senior team duck out of meetings to give deputies some exposure of working at that level. It helps, but it is not the same.'

Chart 1: Aspiring finance directors' understanding of the attributes required



Most felt they had received invaluable guidance informally through their own local networks and through speaking to finance directors.

Interviewees also felt it is very beneficial to have exposure to the front-line, to help with understanding the business. One felt it was 'good to have at least one year's experience of working outside finance to understand operational and quality issues'. Not all agreed that this experience has to be gained outside of the finance department.

One interviewee noted: 'You need to have worked closely with one of the frontline services. If you stick to working on finance without engaging with others, you won't get very far and won't be a good finance director.'

For our research purposes, we chose to ask respondents about their technical skills, personal competencies and their work-based experience and track record.

Chart 1 shows that around a quarter of aspiring finance leaders do not have a good understanding of the competencies and the experience they require, while 15% do not understand the technical skills.

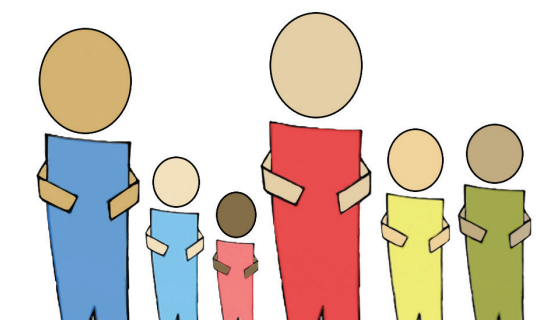
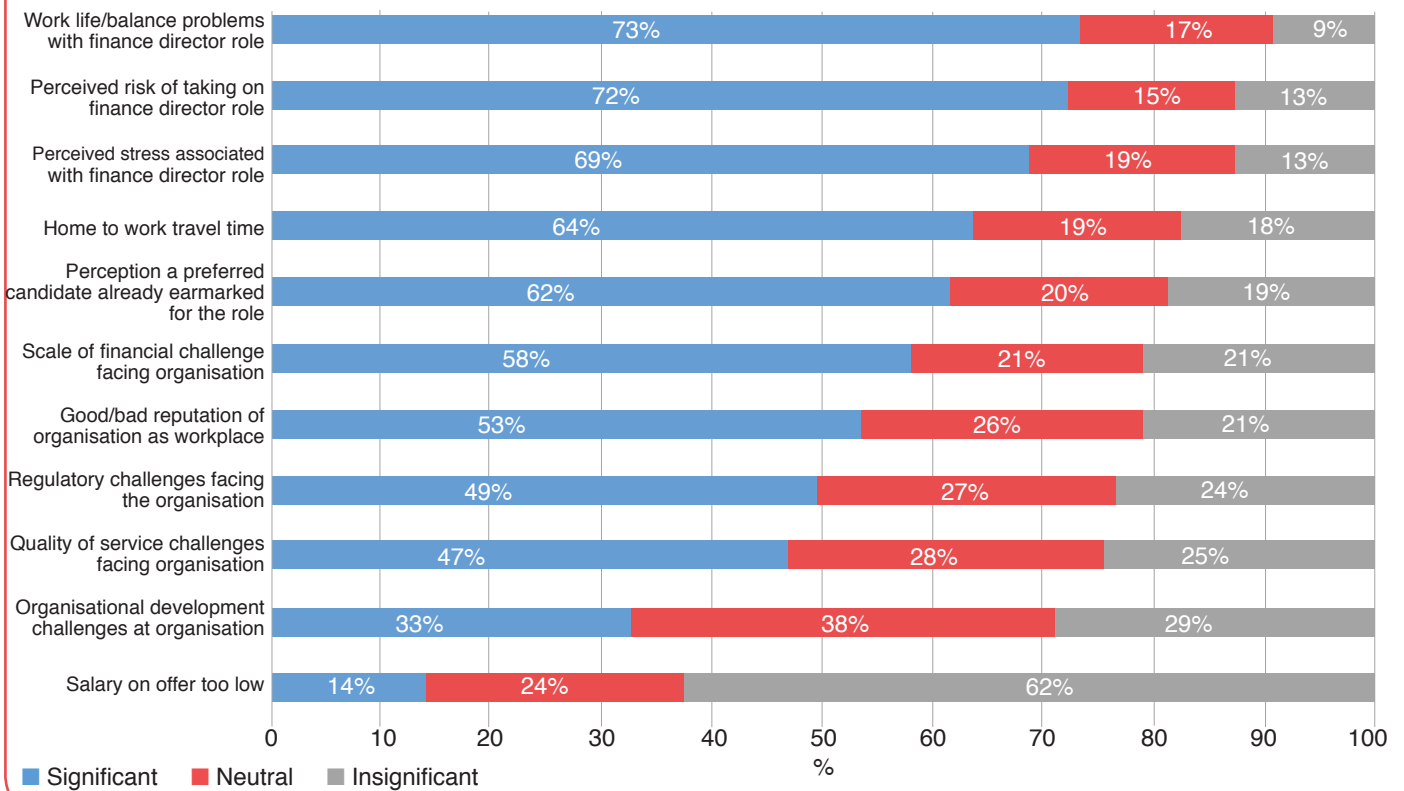


Chart 2: Factors preventing aspiring finance directors from applying for vacancies



As might be expected, these respondents are not all currently applying for vacancies. Nearly all of the respondents who are currently applying for posts said they had a good understanding of all three attributes. Some 31% of respondents who expected to be ready within 12 months did not understand all the attributes and were therefore expecting to obtain that knowledge fairly quickly.

The main characteristic of respondents applying for posts was that they felt ready, for a variety of reasons. These included the length of their experience in a senior role and/or having responsibility for large projects delegated by a director. Others mentioned having had the opportunity to act up into a director role. For some, it was having had time for a period of self-reflection, along with direct mentoring from line managers and other directors, while some cited attendance at leadership courses.

Respondents' other considerations about their readiness for a director

role were their reputation with others. This related to developing relationships with senior managers and board members, building up a breadth of experience in large organisations and, potentially, across sectors.

Chart 2 shows our survey responses to the significance of a range of factors in preventing aspiring directors from applying for vacancies. The most significant factors are respondents' negative perceptions of the work/life balance of the role; the inherent risk of the role (the likelihood of being fired for financial results outside of the director's control or because of the difficulty of the role) and the stress associated with the role.

As one respondent noted: 'You can be well paid doing a deputy role without some of the politics and difficulties of being the leader.' Another said: 'At the present moment, the risk of being out of your post in a year having failed impossible targets is way too high to even contemplate'.

The salary of a finance director is not in itself a strong motivator. Some 62% of respondents said this was an insignificant factor, compared with 14% who thought the salary was too low and a significant factor.

Several people involved in the FFF/HFMA's recent finance career stories project² identified a mentor or influential senior finance leader whom they saw as a role model or who took a more active interest in their careers. Their potential for leadership could be seen through their desire to share ideas and make people adopt them.

What support is available for aspiring finance leaders?

NHS finance staff at all levels are supported by a wealth of local, regional and national opportunities for development on a formal basis. Finance Skills Development (FSD) is a major provider of such courses. These include networking events, which give attendees the opportunity to talk to finance directors and other senior NHS finance staff, while hearing about national policy updates or sharing good practice. One such forum is specifically designed to help deputy finance directors stand in for their directors as required.

The HFMA offers a coaching and mentoring programme. Clients are matched with an experienced executive coach. The goals for the coaching relationship are set by the person being coached. The service has been used as an on-boarding tool for those new to their role and also to develop specific skills/behaviours to enable clients to operate successfully as leaders.

The HFMA offers networking opportunities through membership of branches, committees/special interest groups and faculties. These groups provide learning, technical development and networking opportunities for finance professionals, as well as offering the opportunity for finance professionals to take on leadership roles. The HFMA also organises conferences, roundtable workshops and a finance

director and deputy finance director retreat programme.

The NHS Leadership Academy offers a range of leadership courses, although none specifically tailored to aspiring finance leaders. Several respondents to our survey and interviewees provided positive feedback about these courses. There are several other courses available through Health Education England, the accountancy institutes, accountancy firms such as Deloitte, think-tanks such as the King's Fund and academic institutions such as CASS Business School.

Interviewees felt the training and development they had received was useful but that course delegates must actively choose to be there to receive the full benefit. Some felt that delegates were sometimes sent on courses by their line managers but did not want to learn. However, they also felt that courses should be open to all so that potential leaders could benefit, even if they had not yet made the decision to be a leader, to see how they responded to the opportunity. Interviewees were generally very positive about the courses they had attended – they had received useful learning experiences – but had found each one of use for different reasons.

Survey respondents were equally as positive as interviewees about their learning experiences subject to the course agenda including a balance of learning opportunities appropriate to the needs of the delegate. However, some felt the best support they had received had also been working with engaged finance directors and having the opportunity to watch and learn from them.

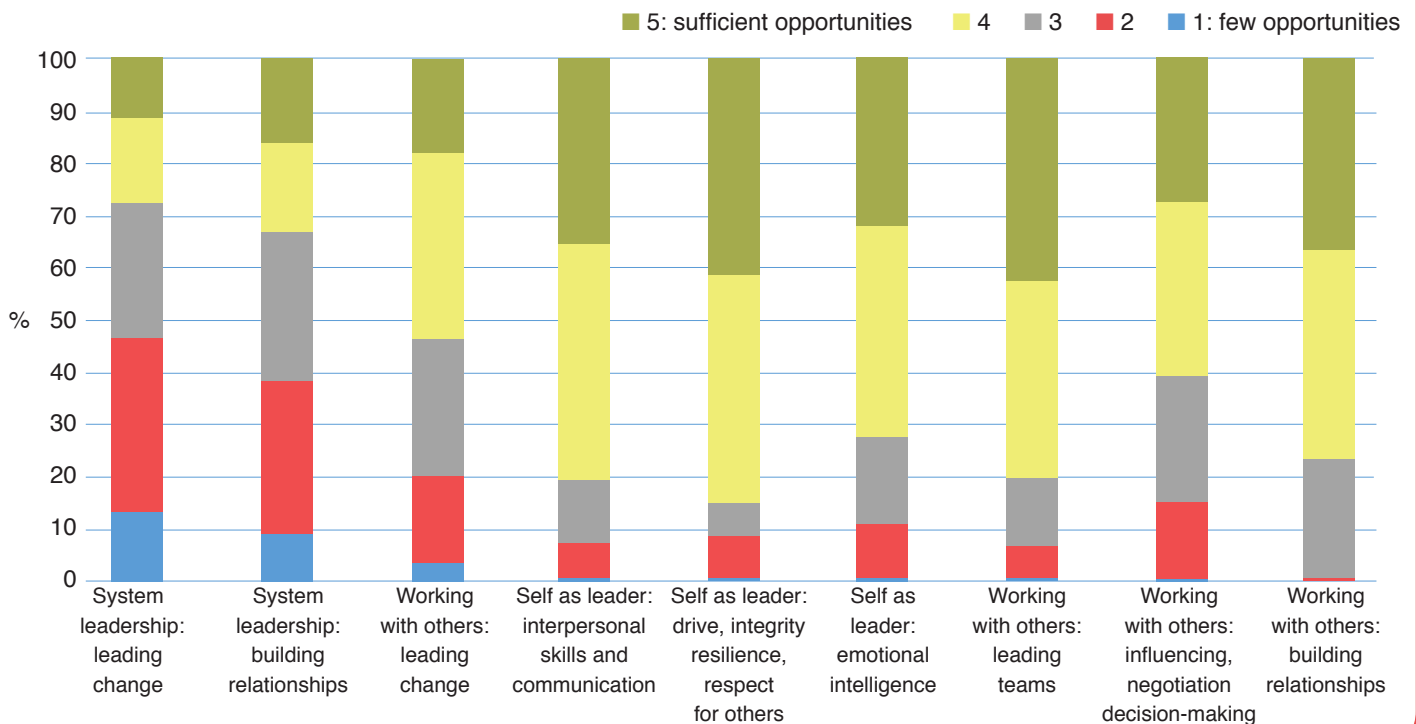
What additional support is required?

In spite of the wealth of courses, programmes and development opportunities available to aspiring finance directors seeking to improve personal competencies or update their technical skills, there is a gap in their work-based experience. Survey respondents reported having fewest

NHS finance staff at all levels are supported by a wealth of local, regional and national opportunities for development on a formal basis

² www.futurefocusedfinance.nhs.uk/sites/default/files/Future-Focused%20Finance%20-%20Career%20Stories.pdf

Chart 3: Opportunities aspiring directors have to gain exposure to director competencies



opportunities to gain exposure to leading system change, building relationships within their system and influencing and negotiating. **Chart 3** shows the survey results.

Aspiring finance directors told us they were not well supported through performance appraisal processes.

- Only 7% of aspiring directors had a detailed personal development plan to support them in becoming

a finance director.

- 63% of aspiring directors did not receive regular, quality feedback about progress against their career ambitions.
- 58% of respondents did not have a coach, mentor or role model but would like one, while 20% did have such a person.
- 62% of respondents had not attended specific training programmes to help them become a finance director.

Table 1: Helpfulness of different types of support

Support	Most helpful	Least helpful
Secondments/shadowing	36%	2%
Coaching and mentoring	30%	4%
Experiential learning/organisational raids	10%	2%
Informal networking	8%	14%
National conferences/ masterclasses	6%	7%
Action learning sets	5%	15%
Regional/ local workshops	5%	0%
Online networks	1%	23%
Webinars	0%	32%

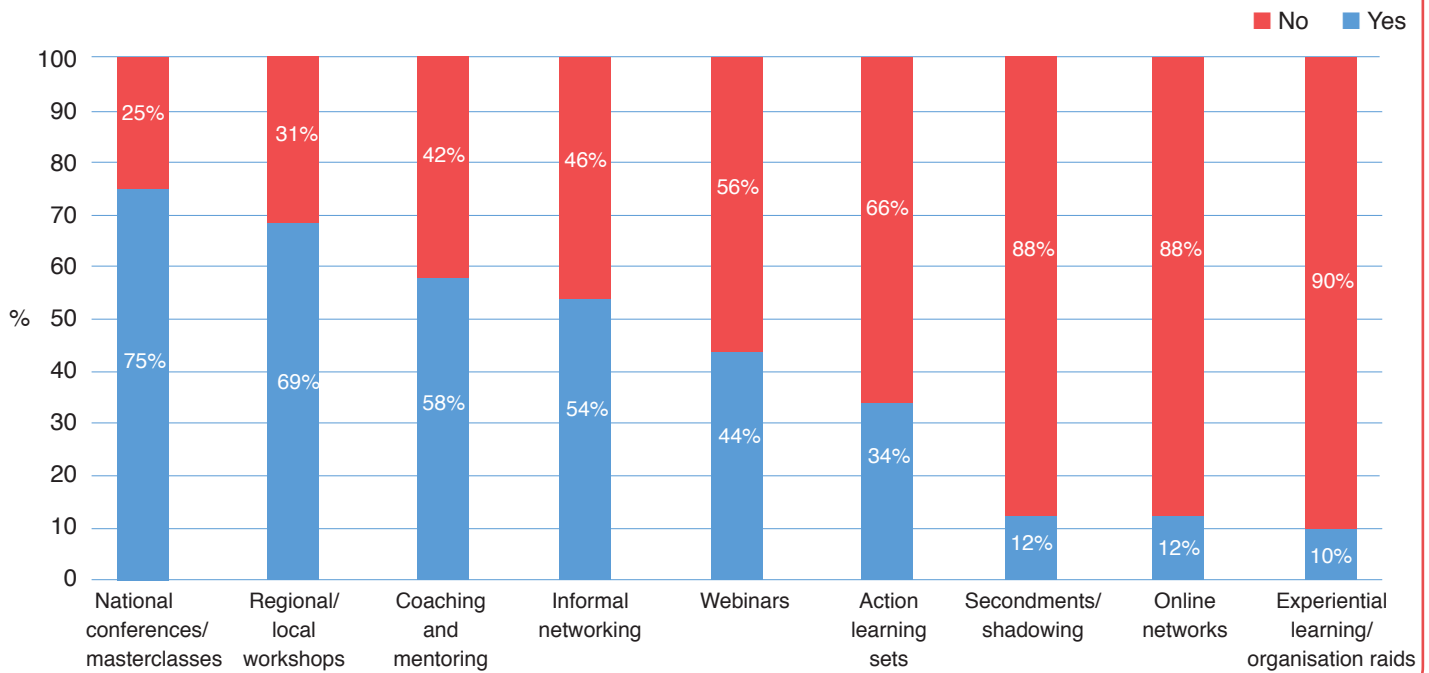
Note: Respondents ranked each form of support from 1 (most helpful) to 9 (least helpful). This table shows the percentage ranked 1 and the percentage ranked 9 by survey respondents

Survey respondents told us they found support such as coaching, mentoring and secondments or work shadowing most helpful, while webinars and online networks were seen as least helpful (see **Table 1**).

The main issues raised in accessing support were knowing about the courses and what was available and finding the time or executive support to attend. Secondments and work shadowing were considered helpful by almost a third of respondents but these options would be the most disruptive for an organisation.

In common with interviewees, some finance directors responding to our

Chart 4: Training programmes finance directors have attended



survey felt new finance directors had no place to learn their trade in a controlled and manageable environment, given the pressure on all organisations. One said new finance directors were 'in at the deep end and expected to know it all'.

- 58% of directors received regular good-quality feedback about career ambitions.
- 26% of respondents did not have a coach, mentor or role model but would like one, while 55% did have such a person.

To help with this problem, finance directors suggested greater support around personal resilience; the importance of relationships in tough times; wider support networks and region-wide succession planning.

Respondents had attended a range of training programmes as finance directors. **Chart 4** shows the most common were national conferences and regional workshops.

Some felt tailored development programmes were needed, to follow up personal development needs with more structured access to coaching and mentoring. Coaching and mentoring needed to evolve and adapt so that those being coached received the advice most appropriate to their current career stage.

Finance directors identified some training needs that are not currently available in all areas and the difference in needs of aspirants and directors. Some 75% felt they had sufficient opportunities for networking with other finance directors to support their training needs.

Support for current finance directors

In addition to aspiring finance directors, we surveyed current finance directors to ask for their views on the training and support available to them and what else they would like. The results show:

- 53% of directors had a detailed personal development plan.

Additional support required that is not currently available for all respondents are methods of bringing local system leaders together in one place to hear national updates; embedding system accountability and to hear about others' improvement work. Others mentioned that more coaching and resilience training was required.

Respondents noted a significant difference in training needs between

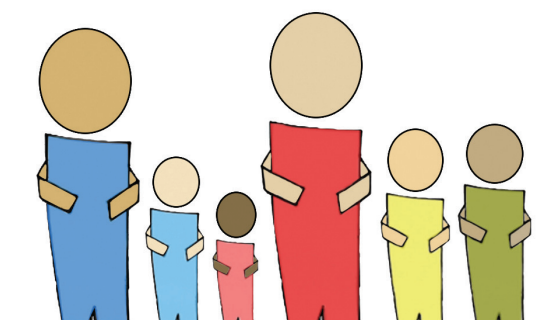
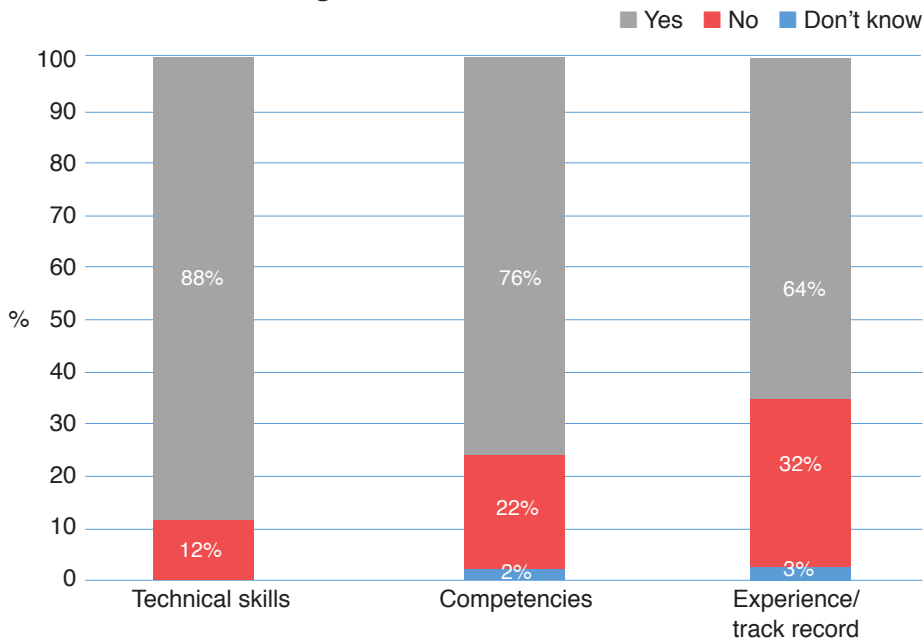


Chart 5: Does working in NHS finance provide a clear route to becoming a finance director?



new and experienced directors. There was a transition from a requirement for support in gaining leadership skills and building relationships for those new in post, to coaching and networking for those with more experience.

Developing the characteristics of a finance director

The finance director is a role with a wide range of duties and responsibilities requiring technical skills, personal competencies and a strong track-record of career experience.

Our survey indicates that the technical skills required of a finance director are essentially assumed. As one aspiring finance director noted: 'Once you reach a certain point, usually around pay band 8c level, you have all the technical skills required, and this is reflected in the workload as you start becoming less involved in the "doing". The key skill gap at this level is experience and exposure to the types of decisions finance directors have to make.'

In our survey, 88% of current finance directors felt they had a good understanding of the technical skills

required when they applied for their first finance director role.

When considering the personal competencies of a finance director, a review of the past two years' entries for the HFMA Finance Director of the Year Award shows some similarities. As leaders in their organisations, finance directors are described as personable but challenging, good at building relationships with other executive and non-executive directors, determined and with a can-do attitude. Some excel at developing their teams, engaging people and displaying drive but also patience and empathy. Some are nominated for their ability to lead and deliver change, making an impact in their organisations through their strategic vision.

Many are commended for their system leadership abilities, which have come about through experience, the gradual building of reputation, confidence and a network of contacts backed up by presence on national committees or representing their organisations to external stakeholders. A quality that is common to several nominees is their ability to remain calm under pressure and sheer resilience.

Our survey shows, in **Chart 5**, that 24% of directors thought working in NHS finance did not provide a clear route to achieving the competencies to become a finance director, while 35% said there was no clear route to gaining the career experience.

Those who did feel they understood the role were more likely to have acted up as a director before achieving a substantive post or had had secondment experience to positions not solely finance related.

Many respondents emphasised the importance of building relationships with board-level colleagues – something most new finance directors will need to do on the job. Many aspiring finance directors are not aware of the relationship-building and corporate skills they will need and how leadership might

affect them. One respondent said: 'The step up from deputy to having people at your door, expecting you to have all the answers to everything is different and it can feel a lonely place at times.' Another said: 'I was not prepared for the emotional impact of working without a safety net.'

Obstacles and challenges

We asked our survey respondents to highlight the main obstacles to aspiring finance directors being successful. The most significant obstacles to career progression were seen as lack of system leadership skills, few local vacancies and a lack of career experience.

This supports the previous findings around the gaps in competencies and career experience that aspiring finance directors have. It also highlights that many aspiring directors face a shortage of local vacancies. One interviewee felt you must be willing to sacrifice work/life balance to be a finance director, even if that means a long commute to secure a position.

Further analysis, based on the views of respondents who indicated they were ready to apply for finance director vacancies now, shows broadly similar responses to the whole survey population.

The findings also show that in our survey the glass ceiling for women and for BME staff is not a significant obstacle for survey respondents overall. But, analysing the data in more detail, one in three female respondents considered a glass ceiling for women to be a significant obstacle. Of the five non-white respondents, four felt the glass ceiling for BME staff was a significant obstacle. Overall, BME and female respondents' views on the other obstacles were consistent with the main survey data.

How should a support network operate?

Interviewees generally agreed that a support network would be helpful for aspiring finance directors. However, it would need to be run in

a way that would be of most benefit to its members. For instance, one interviewee told us about a deputy finance directors' network that tended to focus on 'practical work-based matters' rather than a forum for supporting career progression.

Some interviewees felt a network would need to hold regular face-to-face meetings using an experienced facilitator. An online network could work, but only for advice that could not wait until the next meeting.

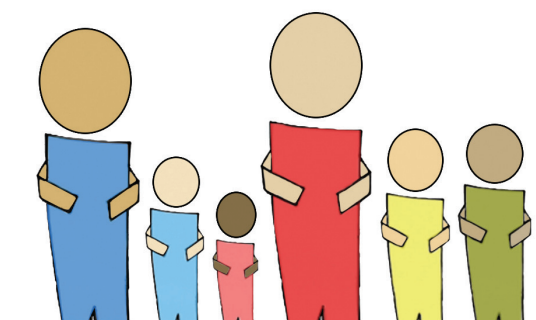
The needs of aspiring finance directors include gaining exposure to different work-based scenarios, which may result in improving competencies or gaining new career experience and skills. Secondments were considered a helpful support method by survey respondents but one interviewee felt that any secondments to non-finance roles should be handled carefully to avoid losing finance skills.

A support network would need to provide access to coaching, mentoring and work shadowing, time to share experiences and good practice and informal networking opportunities. Members of a network would need to be like-minded in their shared career goals – not all deputy finance directors want to be finance directors and not all finance staff are at the same stage of readiness to apply for director positions. The network would be an important form of support, to help aspiring directors understand the obstacles they are facing and development needs they have are shared.

The membership of a network would need to be considered carefully so that aspiring finance directors at similar stages in their careers could meet and provide each other with support and share experiences.

As well as the career stage – level of seniority – the membership would need to be chosen according to the particular obstacles faced by aspiring finance directors and the factors preventing them from applying for roles. These may be

The most significant obstacles to career progression were seen as lack of system leadership skills, few local vacancies and a lack of career experience



A well-coordinated support network for aspiring finance directors could provide the contacts, resources and networking opportunities to help potential director candidates

different for BME staff, women, staff in rural locations and staff working in financially challenged health economies, for instance. The focus of a network would need to be tailored for all relevant factors.

Aspiring finance directors are understandably nervous about taking the step up to director level. Several respondents said a support network would be helpful if it could provide time to discuss whether a director-level post would be appropriate in the first place. As one interviewee noted: 'Being a CFO is a risky business. There is a lot more responsibility and it is more likely you will lose your job.'

A support network that could provide opportunities for career development in 'safe' organisations would be helpful to many aspiring finance directors. A network would be a good forum for input from board-level staff – aspiring directors would benefit from the views of chief executives, chairs, non-executive directors and clinicians on what they look for in a finance director. It would help address the shortcomings of aspiring directors in understanding the business of their organisation and health systems, as well as being a chance for them to develop contacts outside the finance team.

This would also be a chance for aspiring directors to hear from experienced finance staff from other sectors such as social care and private healthcare.

Conclusions

The NHS finance director has a critical but high-pressure role in their organisation. The demands on them to be in command of the detail of the financial position while taking a lead role in driving the financial and service strategy of the local health system mean it is not surprising vacancies can be hard to fill.

In the most high-profile organisations there is often a shortage of candidates of the right calibre, but for others the right candidate may not be willing to put themselves forward.

Finance directors and their board colleagues play an important part in identifying, nurturing and giving development opportunities to team members with the potential to become finance leaders. But there is a clear need for formal provision of career progression support, coordinated across regions and sectors and tailored to individual requirements.

Our research highlights some of the issues holding back aspiring finance directors from taking their next step. In many cases, potential candidates need the time and space to discuss their career with someone who has experience and is willing to provide advice.

Aspiring directors need support to identify the gaps in their competencies and experience and backing from managers to plan out how they will address their needs.

A well-coordinated support network for aspiring finance directors could provide the contacts, resources and networking opportunities to help potential director candidates. Survey and interviewee responses show that a network, if operated well, would be well-supported.

The network would need to provide a range of activities, targeted and tailored according to the type of learning opportunity members would find most useful. Aspiring finance directors will need a network to be useful to them and to represent an effective use of their time in helping them to achieve career outcomes. Current finance directors also have development needs, though these needs differ according to their experience.

The operation and features of the network would be designed with the objective of identifying potential network members, providing a tailored programme of support for each member's career progression aims and enabling networking opportunities.

The outcomes would be a pool of

aspiring finance directors with:

- A good understanding of the strengths and gaps in their competencies and work-experience
- A better understanding of the role of the finance director and their own readiness for the role
- A career action plan based on their learning from the network
- An informal support network of other aspiring finance leaders.

Current finance directors have an important role to play in developing their own teams informally, by providing opportunities

for career development, training courses and support. Our research has found that, anecdotally, the extent of finance directors' approaches to supporting staff through the performance appraisal process is variable.

FFF should work closely with finance directors to emphasise the importance of staff development. This could be via specific programmes or through work on defining the characteristics of finance leadership and through publications such as the HFMA's *Role of the Chief Finance Officer*. ■

Survey methodology

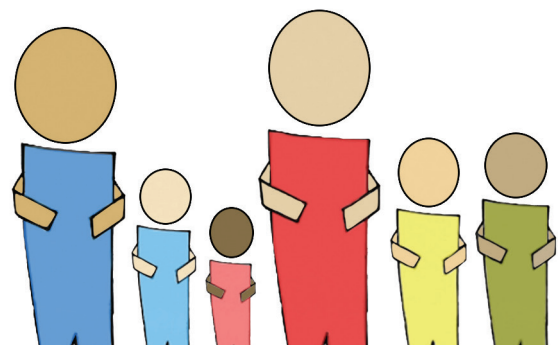
This report is based in part on the results of two surveys conducted by the HFMA during April and May 2016. The first survey was open to all aspiring finance directors and we received 86 responses. Its aim was to understand the challenges faced by aspiring finance directors in taking the next step to director level and to provide appropriate development and support. The second survey was open to current finance directors and we received 59 responses. The first section of this survey was about understanding the challenges respondents face in taking the step to director level and the second section was about identifying current training needs.

Acknowledgements

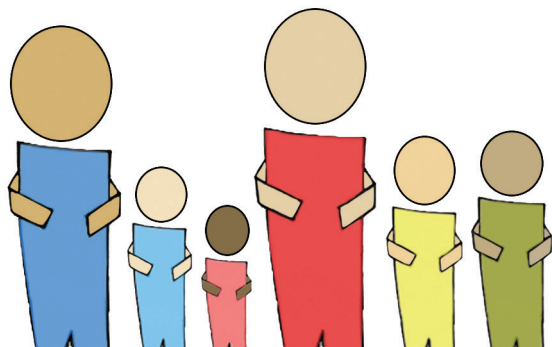
This report was produced by the HFMA for Future-Focused Finance. The research was carried out by Richard Edwards (consultant), Emma Knowles (HFMA head of policy and research) and Claire Merrick (HFMA coaching and mentoring manager).

We are grateful to all those who took the time to respond to our survey and to the following people who took part in our in-depth interviews, providing valuable insight into the challenges and obstacles facing aspiring and current finance directors:

- David Chandler, chief finance officer, NHS Sunderland CCG
- Darran Green, interim chief finance officer, North Derbyshire CCG
- Tika Khan, deputy chief finance officer, Southern Derbyshire CCG
- Suzanne Robinson, finance director, North Staffs Combined Healthcare NHS Trust
- Tracey Simpson, deputy chief finance officer, Tameside and Glossop CCG
- Sheila Stenson, deputy director of finance, Maidstone and Tunbridge Wells NHS Trust
- John Williams, assistant director of finance, Chesterfield Royal NHS Foundation Trust



MAKING PEOPLE COUNT



FUTURE FOCUSED FINANCE

About Future-Focused Finance

In February 2014, the six heads of the finance profession in the NHS came together to form the Finance Leadership Council and to initiate Future-Focused Finance.

Future-Focused Finance is about 'Making People Count' by ensuring that everyone connected with NHS finance has access to the relevant skills, methods and opportunities to influence decision making in support of the provision of high-quality patient services. It offers a vision for NHS finance to aspire to over the next five years. That includes everyone who works in finance, in every role at every level, those we work with to deliver services and the patients and communities that use and support those services.

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For more than 60 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has a particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

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