



Temporary solutions

A survey recently raised concerns about the high level of vacancies and use of interims in finance director posts. But is this a spike or business as usual? Steve Brown investigates

Amid one of the biggest NHS funding squeezes ever known, almost one in 10 trust boards do not have a permanent finance director. This was how the *Health Service Journal* reported the findings of its nearly comprehensive review of executive board posts undertaken over the summer.

The survey looked at all executive positions – focusing on vacancies and positions covered by interim managers – and found that more than a third of trusts had one or more executive director posts vacant or filled by interim staff. While 6% of trusts did not have a permanent medical director and 6% did not have a permanent chief executive in place, finance director positions had the highest vacancy/interim rate at 9%. (It was the same percentage for chief operating officer positions, although not all organisations have these.)

There is no historic data to indicate whether the 9% finance director vacancy/interim rate is high, low or normal and is anything to worry about. But foundation trusts previously had

to indicate if they had had an interim finance director for more than one quarter as part of their quarterly return to Monitor (part of a set of indicators of forward financial risk).

These indicators have been replaced with quality governance indicators, which simply look at the number of executive directors' posts vacant and those filled by interims. These indicators do not formally trigger a response, but the point is that use of interims at director level can raise eyebrows.

Nikki Graham, associate director of recruitment firm Sellick Partnership, believes 9% is a fair reflection of the market. 'The use of interims at director level has definitely increased in recent years,' she says.

She thinks this is a direct result of providers finding it harder to recruit. 'Trusts may have to go out twice to get the right person,' she says. 'And they are often more specific [in their requirements]. They are happier bringing in an interim and waiting to get the right person.'

She says that, while clinical commissioning

groups in general are looking for interim directors simply to cover for the permanent director vacancy, a higher percentage of trusts want directors to do a specific job or deliver on turnaround. In most cases, she sees six months as a minimum typical placement.

Long-term focus

Long-term use of interims is less frequent – perhaps understandable given the former forward risk indicators used by Monitor. But there can be circumstances where providers see it as the right solution.

The use of a series of acting and interim finance directors at Heatherwood and Wexham Park Hospitals NHS Foundation Trust over the past two years was linked to moves towards its recent acquisition by neighbouring Frimley Park NHS Foundation Trust. 'With the difficulties recruiting high-calibre finance professionals to fixed or short-term posts, the most effective use of NHS funding was the use of interims rather than appointing

substantially to the roles, which would have resulted in costly redundancy payments when the acquisition took place,' says a spokesman for the new Frimley Health NHS FT.

Ealing Hospital NHS Trust had an interim finance director in the run-up to its merger with North West London Hospitals NHS. And Mid Staffordshire NHS FT had an interim – actually a secondment – in the run-up to its dissolution on 1 November and the incorporation of some services into the new University Hospitals of North Midlands NHS Trust.

But while planned use of interim directors may explain some of the apparent high rate, there are broader concerns about the numbers.

HFMA policy director Paul Briddock says there will always be vacancies and reliance on interims. 'We don't know what the normal figure would be, but 9% feels on the high side,' he says. 'If these figures were an indicator of growing difficulty in finding the right candidates for these important roles, there would be grounds for concern.'

He says provider finance directors are doing a good job trying to meet rising demand while meeting a 4% efficiency requirement. But this is becoming more and more difficult, with an 'alarming' number of organisations falling into financial deficit. 'One of the potential consequences of this is an increasing turnover in director of finance posts,' he says. 'And as some of the organisations have become particularly financially challenged, so it also becomes harder to find candidates willing to take on the challenge of filling the posts.'

Former HFMA chairman Chris Calkin, who now runs his own consultancy, recently spent time working as interim finance director at North Staffordshire Combined Healthcare NHS Trust. 'On the commissioning side, there is uncertainty about future structures,' he says. 'But for providers there is also uncertainty, particularly within trusts in the FT pipeline. This can make people reluctant to leave existing jobs and that can make it difficult for organisations to recruit.'

He agrees that finance director jobs are 'very pressured' and that this could limit the number of deputies prepared to step up – even if trusts were happy to appoint managers without previous director-level experience.

He adds that the 'best interim placements are by definition short term' and that long-term use of an interim director 'could be a sign of underlying problems with the financial position, board or future of the organisation'. But he says there are occasions when an interim appointment is the better solution.

'Sometimes an interim can bring skills and experience the trust simply would not be able to attract in a permanent post holder,' he says.

'A trust may even want different skills for a short period – to set a direction of travel, oversee turnaround or support transformation – before appointing a permanent director with slightly different skills to support the organisation for the long term.'

Time limit

As a former NHS finance director now providing interim cover and consultancy, Simon Wombwell believes 12 months should be seen as 'the absolute maximum' placement term for a director post. But circumstances can change this. 'I ended up spending 13 months at one NHS trust [as interim chief finance officer]. But there was a change of chief executive and they struggled to find the right cohort of candidates for the permanent finance director post.' Depending on the business model, the interim will also have 'a careful regard for IR35 rules, where length of service could have an influence.'

Being an interim raises your awareness of director-level opportunities, he says – 'It feels like there are more opportunities out there.'

He agrees that some director positions are particularly challenging at the moment. 'The quality, safety and finance agendas are all huge,' he says. 'There is huge pressure to hit all the

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Chris Calkin (below)

targets and deliver financial balance. Logistics play a part too – how many finance directors are really prepared to relocate their families to take on a new role?'

Mr Wombwell has a four- to five-hour drive to his transformation role in Sussex. 'Often this means you are looking for the right permanent candidate within quite a confined local area or prepared to relocate. And even if you do find the right person, they may well be on a six-month notice period.'

'An interim often means you can get someone in who's prepared to travel [for at least a period] and able to hit the ground running and make an impact in days,' he says. 'I'm very conscious I have a short period of time to make an impact – and that makes you very focused on how you use your time.'

Louise Fooks, recruitment consultant with Rethink Recruitment, is not convinced the 9% finance director vacancy/interim figure is anything other than business as usual. Any drivers to increase interim usage would be countered by a natural pressure not to do so because of the perceived higher input costs.

'More NHS organisations are very conscious of the spend on interims and the possible negative publicity, so will always try and appoint substantively,' she says. Rather than the overall usage rate of interim directors, the key is the appropriateness of each individual case.

Some of the survey statistics are likely to be explained away by local circumstances. Some are just a result of normal turnover. However, with the NHS in the middle of significant financial challenges and further mergers and transformational change on the cards, there may be a case for more regular monitoring of this key vacancy rate. ○

