Management in the NHS: the facts
What is the NHS Confederation?

The NHS Confederation brings together the organisations that make up the modern NHS across the UK. We help our members deliver better health and healthcare by:

• influencing policy and the wider public debate on the full range of health and health services issues

• supporting health leaders through information sharing and networking

• working for employers to improve the working lives of staff and, through them, to provide better care for patients.

Our work is driven by members, so member involvement underpins all our work.
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Why does the NHS need managers?

The NHS is one of the largest organisations in the world – employing 1.3 million staff, with an annual budget of around £80 billion. Indeed, if the NHS was a country, it would be 33rd in the OECD list of countries with the biggest economies. The NHS treats over one million people every 36 hours.

The size of individual NHS trusts vary, from incomes of £70 million to £650 million. This compares to other organisations such as the smoothie makers Innocent Drinks which has an annual turnover of around £75 million\(^1\) and Nuffield Hospitals which has an annual turnover of £524 million.\(^2\)

Any organisation of such a scale would be expected to value management, yet NHS managers often find themselves criticised and derided for being faceless bureaucrats or pointless pen pushers.

So, in the face of such public criticism, why does the NHS need managers? The NHS has come a long way from the days of the medical superintendents, matrons and GPs who ran the NHS prior to the mid-1970s. Management in the NHS has been forced to grow because the system is so much more complicated and fast-moving than in the past. The issues of management and leadership in the NHS have become all the more pressing with the move to a health system based on market incentives and with the emphasis on the patient as consumer.

The NHS has had to change to keep up with technological developments in healthcare. For example, when the NHS was first created patients could spend seven days in hospital to treat a hernia. Today, the stay for this straightforward procedure can be less than eight hours.

The NHS has also had to change to meet the more stringent requirements of government and taxpayers.

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\(^1\) Innocent Drinks

\(^2\) Nuffield Hospitals
In the 21st Century patients will no longer deferentially accept what it suits healthcare professionals to provide. They increasingly want a say in how, where and when services are delivered to them. And with record sums being invested in the NHS in recent years – an increase from £44 billion in 2000/01 to £69.3 billion in 2004/05 – politicians and taxpayers quite rightly want a more responsive and accountable service that meets patients’ needs.

All of these developments have required an increase in high-quality management to transform the NHS from a service where you get what you’re given to one where you have a real say in how you are treated.

The NHS has also been going through a period of substantial reform, which has required high-quality management capacity. Managers have helped to deliver lower waiting times in line with tough government targets. It is staggering to think that in 2000 the number of outpatients waiting more than three months was 393,000. Today that figure is just 126 people. In addition, 98 per cent of patients are dealt with in four hours in A&E, compared to 91 per cent in 2003/04.

Managers have also overseen the largest healthcare recruitment programme in the world, with an additional 281,639 staff (of which only 15,487 are managers) joining the NHS since 1996.
NHS managers have implemented a brand new financial system – Payment by Results – which has overhauled the way that procedures are paid for in the NHS. The system has brought an end to block contracting, meaning that trusts are paid for each operation or procedure they carry out on a patient. Managers are currently focusing their minds on making sure that patients do not wait longer than 18 weeks between seeing their GP and receiving treatment.

Independent assessments of the NHS have found that good management makes a vital contribution to high-quality healthcare. For example, the Audit Commission’s report on progress against the NHS Plan found “there is good evidence that better managed healthcare produces better results for patients” and that the “key to improvement is better management of resources.” More recently, the Audit Commission concluded that “good financial management arrangements are essential if NHS bodies are to meet their objectives and deliver effective healthcare to patients.”

Work by Aston University has shown that organisations with good HR management have better outcomes for patients and lower levels of stress for clinical staff. The evidence also suggests that better clinical outcomes are produced when clinicians themselves, as well as designated managers, apply managerial and leadership skills to the running of their services. And research by the Centre for Clinical Psychology and Healthcare Research at the University of Northumbria concluded that leadership in the NHS has been shown to affect the quality of patient care, including patient safety.

“What we have got to do is to say why it is important that good management and good commissioning [exist] within the health service... we are actually proud of people who are managing commissioning in the health service, it is an important part of getting it right.”

Tony Blair
The Healthcare Commission has found that good management and leadership can strongly predict the performance of individual hospitals. In addition, various staff surveys conducted by the Healthcare Commission have found that staff value their managers, with the majority believing they are focused on meeting patients’ needs.

Finally, endorsements for NHS management come from both sides of the political fence. At the NHS Confederation’s PCT Network launch in December 2006, Prime Minister Tony Blair said: “What we have got to do is to say why it is important that good management and good commissioning [exist] within the health service... we are actually proud of people who are managing commissioning in the health service, it is an important part of getting it right.” And in his first speech on the NHS in 2005, the leader of the Conservative Party, David Cameron, told an audience at the King’s Fund that: “One of the things that most changes a unit in the NHS from being unsuccessful and cost overrun to being successful and keeping costs under control is the arrival of a good manager.”

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David Cameron
So, we know that we need managers in the NHS, but what do they actually do? The operating definition of a manager is someone with responsibility for budgets, manpower or assets, or who is accountable for a significant area of work. In practical terms in the NHS this might mean designing and putting in place a system to make sure that an orthopaedic department runs more smoothly and is a safer place for patients receiving hip replacements or being treated for fractures.

However, whilst there are many managers who have day-to-day involvement in the provision of patient care, there are also managers in core functions like finance, HR and IT who play an equally crucial role in improving our health service. The following case studies demonstrate the practical contribution that two managers are making in today’s NHS.

Richard Page
Director of Finance, Oxleas NHS Foundation Trust
Age: 60
Worked in the NHS: 16 years

Richard works as director of finance for a mental health foundation trust. His role involves advising the trust’s board on financial matters and ensuring the trust meets its financial targets.

“It’s about getting the best clinical care for the amount of money we have. My job is to create as much available resource as possible; the clinicians’ job is to develop the best model of care, using the available resources efficiently.”
As chief executive of Waltham Forest PCT, Sally oversees the strategic direction of the organisation and monitors its performance. She forms strategic alliances with other local organisations, including acute hospital trusts and the local authority. A large part of Sally’s role is to ensure the organisation has productive partnerships with other organisations both inside and outside the NHS. This might mean working with local authorities and others on public health or with the acute and mental health trusts on new service developments.

Sally has a clinical background and knows that one of the most important aspects of the chief executive role is to ensure the engagement of clinicians – both PCT staff and independent contractors. This is not a straightforward task.

“It’s a high pressure job, particularly at the moment. But it is probably one of the most interesting and rewarding jobs you can have and, most importantly, my role directly improves patient care.”
Who are NHS managers?

The traditional image of NHS managers – perpetuated by TV programmes such as Casualty and Holby City – is of men in sharp grey suits who are not really interested in patients. However, far from being male dominated, the NHS employs a greater proportion of women at senior levels than in the private sector. 59 per cent of managers and senior manages are female\(^5\) and three quarters of entrants onto the NHS Management Training Scheme over the past five years have been women.

7 per cent of managers are from ethnic minority backgrounds,\(^5\) compared to 9.3 per cent of the overall working population.\(^12\)

Furthermore, most NHS managers have dedicated their careers to working in the NHS and over 50 per cent of managers\(^13\) and 32 per cent of chief executives\(^14\) have a clinical background. Clinicians move into management because they realise it is as equally important to improving patient care as is the delivery of direct patient services.

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The following case studies show two managers, both from different backgrounds, who are proud of the work they do on behalf of their patients.
Jayne currently has the tough job of being chief executive of a newly merged ambulance trust which brings together three organisations and a large area. The chief executive role leads the strategic direction, leadership and vision for the organisation, working with other healthcare partners. However, it currently also requires excellent people skills – bringing three very different organisations and cultures together to provide good pre-hospital care in Yorkshire.

Jayne was a nurse by background and went into general management, becoming an executive nurse director at an acute hospital before going into pre-hospital care.

Coming from a clinical background, Jayne has a passion for patient care and still ensures that she goes out on the ambulances once a month. Jayne feels strongly that the chief executive has a direct role in patient care.

“You need a lot of determination, resilience, a real patient focus – otherwise you won’t know what people want and need – political awareness, honesty and consistency.”
Neil came to NHS management from a social care background, starting life as a social worker then becoming a manager of a mental health centre. As a locality manager in what was Somerset Social Services, Neil was part of the first partnership to integrate health with social care. In parallel to his career, he has been involved in race relations work locally and nationally, looking at institutional racism.

In his current role, Neil is responsible for the provision and strategic development of health and social care services for people with severe mental health difficulties.

“My career in management has not been planned; one post has led me to another. As it happens, this trail has led me to the NHS. I have been and remain driven by service values and organisational well-being and a rigorous sense of humanity in the tough world of management.”
An increasing number of clinicians are also now taking on management functions. At board level in NHS trusts a medical director and nursing director sit alongside the chief executive. In primary care trusts a GP is an important member of the board and also chairs the professional executive committee, made up of a range of clinicians who oversee the day-to-day running of the organisation. Below board level there is a similarly diverse group of clinical staff with management responsibilities. For example, nurse managers play a key role in ensuring the smooth running of their ward whilst still providing direct patient care.

59 per cent of managers and senior managers are female and three quarters of entrants onto the NHS Management Training Scheme over the past five years have been women. 7.2 per cent of managers are from ethnic minority backgrounds.
How many NHS managers are there?

As shown in the diagram below, managers account for 2.7 per cent (36,751) of the total NHS workforce, compared with nurses who make up more than a quarter (398,335) and doctors who make up around 10 per cent (125,612). The number of managers in the NHS is much lower than in the economy as a whole – 15 per cent of the UK workforce are in managerial or senior managerial positions and, according to the Department of Health, the NHS also has lower numbers of managers than the private sector and many public sector organisations.

There is approximately one manager for every 36 staff or one manager for every £2.4 million of expenditure, with chief executives responsible for budgets between £70 million and £650 million.

A claim frequently heard is that there are more managers than beds. This is not true. There are 36,751 managers and senior managers in the NHS, compared to 183,826 beds. This also compares to 398,335 nurses and 125,612 doctors. There are five beds to each manager and ten nurses to each manager. The figures used to support this inaccurate claim actually include essential non-clinical staff like porters, cleaners and receptionists.

The NHS workforce 2006

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doctors</td>
<td>30%</td>
</tr>
<tr>
<td>Nurses</td>
<td>27%</td>
</tr>
<tr>
<td>Scientific, therapeutic and technical</td>
<td>9%</td>
</tr>
<tr>
<td>Ambulance staff</td>
<td>7%</td>
</tr>
<tr>
<td>Support to clinical staff</td>
<td>10%</td>
</tr>
<tr>
<td>NHS infrastructure support</td>
<td>13%</td>
</tr>
<tr>
<td>Managers and senior managers</td>
<td>2.7%</td>
</tr>
<tr>
<td>Other non clinical</td>
<td>1%</td>
</tr>
<tr>
<td>GP practice staff</td>
<td>Less than 1%</td>
</tr>
</tbody>
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There is approximately one manager for every 36 staff or one manager for every £2.4 million of expenditure. There are 36,751 managers and senior managers in the NHS, compared to 183,826 beds.
How much does NHS management cost?

NHS management costs less than many people assume. Department of Health figures show that management costs are actually falling – from five pence in the pound in 2000 to four pence in the pound in 2005.\textsuperscript{16}

At the same time, NHS managers are paid far less than their private sector colleagues. The \textit{Guardian} newspaper’s most recent survey of chief executive pay in 2003 found that private sector companies providing public services were paid an average of £424,000. This was over four times the average salary of NHS chief executives.\textsuperscript{17} The average salary of an NHS chief executive when the survey took place in 2003 was £106,513. In 2005 it had only risen 1 per cent to £107,500 according to Incomes Data Services.

\textit{Management costs are falling – from five pence in the pound in 2000 to four pence in 2005.}

\textit{The Guardian’s most recent survey of chief executive pay in 2003 found that private sector companies providing public services were paid an average of £424,000. This was over four times the average salary of NHS chief executives. The average salary of an NHS chief executive in 2003 was £106,513.}

A recent survey by the Taxpayers’ Alliance revealed that those working on behalf of the NHS earn a lot less than those in other parts of the public sector. The chief executive of the Royal Mail, for example, is paid £1 million a year. This compares to the chief executive of the entire NHS who was reported to earn £215,000 and the average NHS trust chief executive who earns £107,500.
There is significant and independent evidence to suggest that managers in the NHS are in fact considerably over-stretched. The Audit Commission’s review of the NHS Plan found that “even well-established organisations are finding their management resources spread thinly.”

Less than 3 per cent of the NHS’ 1.3 million staff are managers, compared to 15 per cent of the UK’s overall managerial workforce. There is real evidence that more not less management may be needed in our health service. Some of the reasons for this are:

- There are still large areas of clinical and non-clinical work that need to be overhauled and redesigned to improve the experience and outcomes for patients.
- Systems are being introduced to give patients more choice and better information, underpinned by new financial systems, which all require effective management.
- Systems to support clinical staff need improving so that their pressured time is used most effectively.

We also need to ensure that managers have the right skills for the job. Managers need to become experts in engaging patients, staff and local communities in how their local health services are being delivered. Investment in IT and the massive reform programme also demand new skills, as well as change management to ensure systems are linked to more effective working practices.

We need to make sure that we continue to attract the brightest and best management talent to the NHS. Promisingly, the NHS Graduate Management Training Scheme achieved sixth place in The Times’ top 100 graduate employers in 2006/07. However, in the past the NHS has tended to undervalue middle and junior management. This group of managers actually do some of the most crucial and stressful jobs in the service because of the need to balance the requirements of senior managers with those of their clinical colleagues.

Finally, we must invest in senior leadership in the NHS. Increasingly, NHS organisations are finding it difficult to recruit people to the top jobs because of the pressure and exposed position people find themselves in. From politicians to the NHS itself, we all need to take collective action to ensure that our senior managers are supported in their important roles, that turnover is reduced and that the NHS rebuilds its leadership capacity.

Conclusion
References

1. The Newspaper Society, 2006

2. Nuffield Hospitals, 2005 report and accounts

3. Health Select Committee: Public expenditure on health and personal social services 2006


7. Achieving first class financial management in the NHS. The Audit Commission, 2004


Management in the NHS: the facts is the fourth in a series of briefings on the most controversial issues facing the NHS. It forms part of the NHS Confederation’s work on the reputation of the NHS, which aims to create more informed public debate. The series of work addresses some of the most controversial issues facing the health service and supports the work of NHS Confederation members. The NHS is a diverse and changing organisation and we aim to highlight the issues surrounding managing NHS trusts and the difficult decisions needed to improve patient care.

For more information, visit www.nhsconfed.org/confidence

Further information

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