Names, ranks, and numbers

... how many managers does the NHS have? ...

... and is that enough?

Cranfield Healthcare Management Group
Research Briefing 4

How do they manage?
a study of the realities of middle and front line management work in healthcare

David A. Buchanan: October 2010
In July, government proposed radical changes to NHS structures, regulation, and finance. Management costs and numbers are to be reduced. So, who will implement those changes?

Let’s cut management costs

In its first healthcare policy statement (July 2010), Equity and Excellence, the new coalition government stated its aim to cut NHS management costs by more than 45 per cent by 2014. This would reduce the costs of bureaucracy by cutting layers of management, releasing resources for front line care, and giving power to patients and clinicians. Reducing management and back office support costs was also the policy of the previous government, set out in From Good to Great (DoH, 2009). Cutting management costs is a popular goal.

Also in July 2010, the NHS chief executive, David Nicholson, wrote to his chief executive community explaining that, ‘power and authority should rest with patients and clinicians; managerial and support functions should do only what is necessary to enable the changes patients want to see’. Managers were thus given a back seat; some reacted angrily.

The White Paper’s approach to cutting management involved abolishing Strategic Health Authorities, Primary Care Trusts, and several ‘arms length bodies’. Management in acute trusts were not directly affected, but hospitals were already considering how to reduce their own costs in the face of inflation, and to contribute to the efficiency savings of £20 billion that the service was to find by 2014. The debate about cutting management costs put the spotlight on all healthcare managers; a Daily Mail article in October 2010 described NHS managers as ‘bureaucrats’, ‘administrators’ and ‘pen pushers’.

Why the fuss?

Figures published by the NHS Information Centre (2010) show that while total NHS employment has risen by over 30 per cent between 1999 and 2009 (table 1), the number of managers and senior managers in the service has increased by over 80 per cent (table 2). There are minor differences in the percentage increases depending on whether calculations are based on total headcount, or on full time equivalent numbers, but the conclusions are similar.

<table>
<thead>
<tr>
<th>Table 1: Total NHS employment</th>
<th>1999</th>
<th>2009</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>headcount</td>
<td>1,098,348</td>
<td>1,431,996</td>
<td>30.4</td>
</tr>
<tr>
<td>full time equivalent</td>
<td>873,547</td>
<td>1,177,056</td>
<td>34.7</td>
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<table>
<thead>
<tr>
<th>Table 2: NHS managers and senior managers</th>
<th>1999</th>
<th>2009</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>headcount</td>
<td>24,287</td>
<td>44,661</td>
<td>83.9</td>
</tr>
<tr>
<td>full time equivalent</td>
<td>23,378</td>
<td>42,509</td>
<td>81.8</td>
</tr>
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This appears to be a major discrepancy - 80 per cent more managers, but only 30 per cent growth in total NHS employment. One problem with this comparison concerns the wide difference in the bases of the percentage calculations; over a million in one case, and only 20,000 in the other. In short, this ‘discrepancy’ is simply a by-product of the arithmetic.
Have management ranks really swollen disproportionately? Let’s take another look at the figures. Table 3 shows managers as a percentage of total NHS employment in 1999 and in 2009. Managers represented just under 3 per cent of the total workforce in 1999, and just over 3 per cent in 2010 (the precise figures again depend on whether headcount or full time equivalents are used). This does not appear to be such a radical increase after all.

Table 3: managers and senior managers as % of total NHS employment

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2009</th>
</tr>
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<tbody>
<tr>
<td>headcount</td>
<td>2.2</td>
<td>3.1</td>
</tr>
<tr>
<td>full time equivalent</td>
<td>2.7</td>
<td>3.6</td>
</tr>
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</table>

Rather than complain about excessive growth, the NHS may be an under-managed service. Data from the Office of National Statistics (2010), show that the proportion of ‘managers and senior officials’ in the UK workforce is 15 per cent. At only 3 or 4 per cent, is the NHS short changed when it comes to management expertise? The NHS Confederation (2007) argues that the proportion of managers in the NHS is low given the size of the organizations which they run. The NHS is one of the five largest employers on the planet, spending over £2 billion a week. In a hospital with income of £350 million, a directorate team including a consultant, general manager, and senior nurse may be managing a £40 million business.

Our project looks at management in acute hospitals, where demands placed on the service in recent years have increased the need for, and pressures on, managers. Here are some of the main ongoing pressures:

- focus on waiting time targets; 18 weeks RTT, 4 hours A&E transit, PROMs
- the QIPP agenda; Quality, Innovation, Productivity and Prevention
- foundation trust status; service line management, ‘business within the business’
- purchaser-provider split; contract management, ‘world class commissioning’
- patient choice, electronic booking systems
- payment by results; an increasingly complex funding model
- stricter, and constantly changing regulatory, auditing, and monitoring regimes
- serious incident and ‘never event’ reporting and investigation systems
- strengthened risk management frameworks and internal governance
- Care Quality Commission compliance procedures and ‘quality accounting’

The number of managers in the NHS may in fact be too low to cope with these multiple initiatives, goals, priorities, and ongoing changes. The 2010 White Paper sets out a further series of radical reforms affecting the structure, funding, and regulation of the service. Those changes will have to be implemented - managed - in a way that achieves the desired outcomes, while continuing to provide an effective service during the transition. In other words, calls to cut management costs coincide with major structural, financial, and regulatory reforms that increase the demands on management time, energy, and expertise.

Government policy emphasizes the need to ‘preserve front line jobs’ in the NHS by cutting non-essentials such as managers. But there is more than one front line. Patient care is one. Another concerns delivering innovation, service improvement, efficiency and productivity gains, and structural change. Who will deliver those outcomes if management jobs are culled, and if those who remain are demotivated and disengaged? The policy will be defeated if doctors and nurses have to devote more time to management roles and responsibilities.
How to respond

Stop the bad press managers who are criticized, demonized, and undervalued are unlikely to be engaged and motivated, and may leave (demotivated staff who stay cause other problems)

Recognize the contribution the NHS has a top leaders programme, but no top managers programme; national and local recognition are required

Simplify regulatory regimes far too much time is consumed by audit, compliance, regulation and accreditation processes that add little value

Encourage collaboration the ‘grey suits - white coats’ divide is still strong (although dress codes may have changed); there needs to be more medical-managerial joint working on service improvement

If you have a view on any these issues, please let us know.

Sources


The research

This study is based on interviews and focus groups with middle and senior managers at six acute trusts and one primary care trust. The next stages of the project include a management survey, debriefing groups, and case studies exploring how changes are managed in the aftermath of serious incidents.

Participating trusts

Bedford Hospital NHS Trust NHS Bedfordshire Primary Care Trust
Cambridge University Hospitals NHS Foundation Trust Gloucestershire Hospitals NHS Foundation Trust
Northampton General Hospital NHS Trust North Bristol NHS Trust
Whipps Cross University Hospital NHS Trust

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