

The role of the chief financial officer in the NHS

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Foreword

The NHS is one of our country's greatest assets.

Thinking of our publicly funded, free-at-the-point-of-delivery healthcare system as a single institution, risks overlooking the diversity of organisations that make it work.

Across the four nations of the UK, from integrated care boards in England to health boards in Scotland, from health and social care trusts in Northern Ireland to local health boards in Wales, and ambulance services, acute hospitals and GP surgeries everywhere – it is these organisations that can make a real difference to people's lives.

This difference does not just happen. And it certainly does not happen for free. Our health and care sector is engaged in a constant balancing act between our aspirations and needs as a society and the resources available to fund them.

Every day across the NHS difficult and far-reaching decisions are made. And at the fulcrum of this decision-making process sits the chief financial officer.

In this publication, the latest in a series of sector-specific guides that draw on CIPFA's new framework for understanding the role of the chief financial officer, we explore the role of the chief financial officer across the NHS and highlight the skills, behaviours and knowledge that allow them to fulfil their role effectively.

We seek also to celebrate the role of the chief financial officer and to recognise the positive contribution that chief financial officers across the NHS make to their organisations and to society as a whole.

It is my hope that, in doing so, we might encourage other dedicated finance professionals to follow in their footsteps.

Iain Murray
Director of Public Financial Management
CIPFA

1 Introduction

1.1 The chief financial officer in the NHS

The NHS is the collective term for the publicly funded healthcare systems across the UK. It encompasses the NHS in England, NHS Scotland, NHS Wales and Health and Social Care in Northern Ireland.

The NHS provides healthcare – and, in some cases, social care – services through a vast network of organisations, partnerships and commissioning arrangements. Such services range from emergency care, primary care, inpatient surgical procedures, mental health support to specialist cancer treatment. These services are, in most cases, provided free at the point of delivery.

The NHS operates under conditions of intense and sustained financial pressure. As individuals enjoy longer and more active lives, and as our ability to diagnose and to treat all manner of conditions increases, the challenge of balancing our healthcare aspirations with the available resources continues to grow.

If the NHS is to continue to provide the nature and standard of care to which the people of the UK have become accustomed, organisations across the NHS are going to need to manage their financial and other resources with the utmost care.


The chief financial officer (CFO) plays a vital role in making sure that this happens.

1.2 Aim of the publication

The aim of this publication is to provide a definitive statement on the role of the CFO in NHS organisations.

The publication explores the nature of the work of the CFO in NHS organisations at national, regional and local level across the UK. It also considers the competencies CFOs need if they are to fulfil their role effectively, the relationships they need to develop and the organisational culture they need to create.

It highlights key themes for CFOs and their organisations, such as the opportunities and challenges that they face, the nuances of operating within a political environment, and the importance of accountability, stewardship and sound ethical values.



The publication seeks also to celebrate the role of the CFO in NHS organisations – and, indeed, across the public services more broadly – and to promote it as an attractive and rewarding career choice for high-calibre finance professionals.

Throughout this publication, we use the term CFO to describe the executive senior leadership role with overall responsibility for an organisation’s financial affairs, activities and operations. Within the NHS, this role may also be referred to as the finance director, director of finance, director of resources or something similar.

1.3 Who the publication is for

This publication is targeted at established and aspiring CFOs within the NHS and the wider health and care community, as well as their organisations and those with whom they work. It seeks also to support improved collaboration between NHS bodies and other public sector organisations.

In particular, it:

- allows new and established CFOs to gain insight into their role and to improve their practice
- helps aspiring CFOs and the wider finance profession to better understand the skills, competencies and attributes required
- assists NHS organisations in understanding what they should expect from their CFO and how they can create an environment in which the CFO can create maximum value
- fosters a greater understanding among those engaged in the delivery of health and care services of the nature and complexity of the different regimes and organisations involved
- promotes the skills required to develop and nurture the relationships and culture that will facilitate closer integration across the public services
- helps those in leadership and governance roles within the NHS to gain additional insight into their organisations, the way they work and the challenges that they face
- provides regulators, funders, auditors, taxpayers and the wider policy community with a better understanding of the financial structure of the NHS and, in particular, the role of the CFO.

The publication is based on the CIPFA framework for [The role of the chief financial officer in public service organisations](#).



1.4 How this publication is structured

This publication is structured as follows:

- **Section 2: an introduction to the NHS** across the UK.
- **Section 3: governance, finance and funding arrangements** across the NHS, including consideration of common financial challenges.
- **Section 4: understanding the role of the CFO** as a skilled professional, as the leader of the finance function and as a senior leader within the organisation.
- **Section 5: the competencies required of an effective CFO** in an NHS organisation, including the skills, behaviours and knowledge that allow them to fulfil their role.
- **Section 6: the relationships that CFOs need to nurture**, both within and external to the organisation and across the CFO's personal network.
- **Section 7: the organisational environment and culture** that need to be created and nurtured if a CFO is to be able to fulfil their role effectively.

The publication includes also a series of short case studies, which provide examples relating to the topics under discussion, or highlight specific points raised by CFOs in the research for this publication. These case studies serve to illustrate and to provide additional insight into the themes discussed.

A glossary of relevant terms and suggestions for further reading are set out in annexes.

2 Understanding the NHS

2.1 Introducing the NHS

The NHS is the universal public healthcare system that operates across the UK. It encompasses a comprehensive range of healthcare services, most of which are provided without charge for UK residents at the point of delivery.

Responsibility for health and social care provision is devolved to the Scottish, Welsh and Northern Irish administrations. Consequently, there are separate systems in place within each of the nations of the UK.

The NHS in England is known simply as the NHS. NHS Scotland and NHS Wales operate in these nations respectively. Healthcare services in Northern Ireland are provided by Health and Social Care, which was established separately to the NHS but is considered part of it.

References in this publication to the NHS encompass the collective total of these devolved systems, unless stated otherwise.

While health and social care is a devolved policy area for Scotland, Wales and Northern Ireland, in practice there is a considerable degree of collaboration – both formal and informal – between the respective governments across the UK and their NHS organisations at national, regional and local level.

Services provided by the NHS include primary care, acute hospital care, community health services, ambulance services, digital and telephone assistance services, mental health services, dentistry, optometry and audiology services, blood donation and organ transplant, healthcare research and more. In some parts of the UK, the NHS also has responsibility for the delivery of social care services.

Public expenditure on healthcare across the UK exceeds £200 billion per annum, which equates to around £3,000 per person per year. The NHS employs in excess of 1.6 million clinical and non-clinical staff. It handles an estimated 1.7 million patient interactions every single day.

2.2 The NHS in England

Healthcare policy in England is the responsibility of the Department of Health and Social Care (DHSC), which operates under the leadership of the Secretary of State for Health and Social Care.

The NHS in England is led by NHS England, which is an arms-length body of DHSC. NHS England oversees the commissioning of healthcare services and, in some cases, commissions such services directly. It also allocates annual financial budgets (from DHSC) to different parts of the NHS in England.

NHS England has a further regulatory role, in that it has a statutory duty to issue licenses for providers of NHS services in England and has the authority to engage in enforcement measures where the terms of such licenses are breached. This regulatory role encompasses both NHS and independent providers of NHS services and is conducted in co-operation with the Care Quality Commission, which is the independent regulator of health and social care in England.


NHS England operates seven regional teams, designed to support the delivery of joined-up care to patients and which are responsible for the operational, financial and quality-related performance of all NHS organisations in their region.

The delivery of NHS healthcare services in England is characterised by the distinction between commissioners and providers. Commissioning organisations are tasked with securing the provision of services across a specific geographical or thematic area, which they commission from provider organisations. Providers are commonly themselves NHS bodies or bodies related closely to the NHS, but they may also be independent or voluntary sector entities.

Statutory responsibility for most NHS services is held by a network of 42 integrated care systems, which are designed to bring together health and care organisations to facilitate joined-up service delivery, to tackle health and care inequality and to improve patient and service user outcomes. Each integrated care system covers a specific geographical area and is made up of an integrated care board and an integrated care partnership.

Healthier Together is the integrated care system for Bristol, North Somerset and South Gloucestershire. It brings together ten organisations, including the integrated care board, the three local authorities operating within its area, several NHS trusts, and community and general practice providers. Its constituent organisations have a total of 48,000 employees and the system serves a population of one million people.

Integrated care boards are responsible for the planning, commissioning and delivery of NHS services in their area. They manage the NHS budget for their area and work with a broad range



of provider organisations, such as hospitals, general practitioner (GP) practices, voluntary organisations, social enterprises and social care providers.

Integrated care partnerships bring together organisations that play a role in improving health, care and wellbeing in the geographical area covered by the integrated care system. This includes NHS and local government organisations, as well as voluntary and community sector organisations and other providers of health and social care services.


These partnerships may also include representatives of other organisations with an interest in improving health and wellbeing, such as education institutions, housing providers, and police and fire services.

Integrated care systems have the ability to determine for themselves which services they wish to deliver and which provider organisations to commission for the delivery of these services. The specific range of services delivered by each integrated care system will depend on local circumstances and need.

Further information on integrated care systems, board and partnerships, as well as some of the challenges of integrating care, can be found in CIPFA's [Integrating care: policy, principles and practice for places](#).

Providers of NHS healthcare services include:

- **GP practices** provide primary care services to individuals within a local geographical area and can refer patients to other NHS services as required. GPs and their practices are generally independent entities and so are not technically part of the NHS, though they have contractual arrangements for the delivery of NHS services and receive most of their income from NHS sources.
- **Other specialist primary care providers**, such as dentists, optometrists and pharmacists, which similarly operate as independent entities on contract to the NHS for the provision of services. Such entities may also offer healthcare provision outside the NHS structure on a commercial basis.
- **NHS acute hospital trusts** provide a broad range of planned and urgent secondary and tertiary care services on an inpatient and an outpatient basis. Many also provide emergency primary care services. Some acute trusts operate a single hospital, while others operate a number of hospitals across a given geographical area. Others focus on a specific area of healthcare provision, such as paediatric care.
- **NHS mental health trusts** provide health and care services to people experiencing poor mental health. The nature and range of services provided varies from trust to trust, with some providing counselling and other services on an outpatient or outreach basis and others operating inpatient psychiatric hospital services or specialist national referrals.

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- **NHS ambulance trusts** provide emergency care services and, where necessary, convey patients to a hospital or other appropriate healthcare provider. There are currently ten ambulance trusts in England, each of which covers a specific geographical area. Some ambulance trusts also provide scheduled patient transport services, though in many cases these are now operated under contract by independent providers.
 - **NHS community health trusts** provide a range of community-based services, such as community nursing, physiotherapy and occupational therapy, speech and language therapy, health visiting and support for people suffering from specific chronic conditions. While most community care services are delivered in a community setting or in people's homes, some community health trusts also provide certain services in community hospitals, clinics or other care facilities.
 - **Voluntary and community sector organisations** can use their expertise to help to design health and care services and which may also participate in the delivery of such services on a national, regional or local basis. Such organisations may also play a role in representing and amplifying the voice of patients, carers and other service users or in advocating for the interests of those with specific conditions or healthcare needs.
 - **Independent providers** are funded by the NHS to provide specific services to NHS patients. This might be to take advantage of specialist expertise held by these providers or to provide additional capacity for service delivery at times of high demand.

While the various types of NHS trust are part of the NHS, they are each governed by their own boards of executive and non-executive directors.


In addition to the health and social care services commissioned and provided through integrated care systems, the NHS also provides certain specialist clinical and non-clinical services at a national or regional level, either directly or under various commissioning arrangements. This includes, for example, NHS Blood and Transplant, NHS Digital and the COVID-19 vaccination programme.

2.3 The NHS in Scotland

Health and social care policy and funding in Scotland is the responsibility of the Scottish Government. These responsibilities are administered through the Scottish Government's Health and Social Care Directorates, under the oversight of the Cabinet Secretary for Health and Social Care.

The Health and Social Care Directorates encompass all aspects of health and social care provision, including medical, nursing, mental health, workforce, operations and finance.

NHS Scotland is not a single organisation, but rather the collective total of the various directorates, boards and other organisations that make up the publicly funded healthcare system in Scotland.



Responsibility for the planning and delivery of healthcare services within NHS Scotland sits with 14 territorial health boards, seven specialist non-geographic health boards, 31 integration authorities and Public Health Scotland.

Each of these entities is governed by its own board of executive and non-executive directors and is accountable to the Scottish Government.

The territorial health boards are each responsible for the delivery of frontline healthcare services in their respective geographical areas. These health boards provide a broad range of healthcare services directly to local residents, including through the operation of acute hospitals.

NHS Eileanan Siar – also known as the Western Isles Health Board – employs around 1,000 staff and provides healthcare services to over 26,000 people across the 15 inhabited islands of the Outer Hebrides. The board runs three general hospitals and a range of healthcare clinics. It commissions primary care services from nine GP practices operating across 14 sites. The board also commissions specialist healthcare services from other boards across Scotland, where these cannot be provided locally.

Primary care provision is generally commissioned from independent GP practices. Dentistry, pharmacy and optometry services are likewise provided through the NHS by independent practitioners.

The non-geographical health boards provide specialist clinical and non-clinical services to people across Scotland and to other parts of NHS Scotland. These health boards include the Scottish Ambulance Service, the NHS 24 telehealth organisation, the Mental Welfare Commission for Scotland, Healthcare Improvement Scotland and Public Health Scotland.

The integration authorities bring together NHS and local government organisations in defined geographical territories with the aim, using powers delegated from the territorial health boards, of improving health and social care outcomes for patients, service users, carers and their families.

The integration authorities deliver these responsibilities through the work of a health and social care partnership, which they oversee and which is responsible for adult social care, adult primary health care, unscheduled adult hospital care and, in some cases, children's services, homelessness and criminal justice social work.

Public Health Scotland is charged with improving and protecting the health and wellbeing of the people of Scotland. It is regarded as a specialist health board and is accountable jointly to the Scottish Government and to the Convention of Scottish Local Authorities.

2.4 The NHS in Wales

Healthcare policy and funding in Wales is the responsibility of the Welsh Government and is overseen by the Cabinet Secretary for Health and Social Care.

The NHS in Wales is made up of a system of seven territorial local health boards and three all-Wales trusts, which together deliver a comprehensive range of primary, secondary and specialist care services. Each of these boards and trusts is governed by its own board of executive and non-executive directors and is accountable to the Welsh Government.

The Welsh Government has also established seven regional partnership boards, which are aligned with the geographical territories of the local health boards and bring together these boards, the relevant local authorities and other stakeholders to improve the way in which health and care services are delivered and to enhance the wellbeing of the local population.

The local health boards – which are known as either university health boards or teaching health boards – are each responsible for the planning and delivery of healthcare services across their defined geographical area. They operate a range of services directly, including acute hospitals, and commission other services from external providers, such as GP practices.


Cwm Taf Morgannwg University Health Board is responsible for the provision of NHS services to the 450,000 people living in the county boroughs of Bridgend, Merthyr Tydfil and Rhondda Cynon Taf in South Wales. The board operates 14 hospitals and provides a comprehensive range of healthcare services, from acute medicine and critical care to occupational therapy and public health. The board engages with members of the public in both the English and Welsh languages and promotes the use of the Welsh language across its services.

The all-Wales trusts each provide services to people across Wales. These trusts are the Welsh Ambulance Service, Public Health Wales and Velindre University NHS Trust, the latter of which provides specialist cancer services and operates the Welsh Blood Service.

The Welsh Government also funds a small range of special health trusts and other bodies that support the delivery of healthcare services across Wales, such as Health Education and Improvement Wales.

2.5 Health and Social Care in Northern Ireland

The publicly funded health and social care system in Northern Ireland is known as Health and Social Care (HSCNI), though it is regarded as part of the broader NHS across the UK.



HSCNI differs from the NHS in England, Wales and Scotland, in that it is responsible explicitly for the delivery of both health *and* social care services. It is overseen and funded by the Northern Ireland Executive, through the Department of Health.

Statutory responsibility for the management and delivery of health and social care services is held by six health and social care trusts. Five of these have responsibility for service delivery across defined geographical territories, while the sixth provides ambulance services across Northern Ireland. Each of these trusts has its own board, through which it is accountable to the Department of Health.

The trusts are commissioned to provide health and social care services by the Strategic Planning and Performance Group of the Department of Health, as are GP practices.

Like their counterparts in Scotland and Wales, the five territorial health and social care trusts provide a range of services directly, including acute hospitals and community health and social care services. They also contract other services from external providers in the independent, community and voluntary sectors.

Belfast Health and Social Care Trust is the largest integrated health and social care trust in the UK. It has an annual budget of £1.3bn, employs over 20,000 staff and provides services to 240,000 citizens in Belfast and specialist services to all of Northern Ireland.

Western Health and Social Care Trust is the largest of Northern Ireland's trusts by area, with a territory of more than 1,800 square miles. The Trust has an annual budget of some £680m and employs 12,000 staff to provide its services to a population of 300,000.

Northern Health and Social Care Trust is the largest in terms of population, providing services to 479,000 people from over 150 facilities, including two acute hospitals, a mental health hospital, local community hospitals, health centres and other sites.

At the time of writing, the Department of Health is implementing an integrated care system for Northern Ireland, which is designed to create a joined-up approach to the planning of health and social care services, to better understand and respond to local needs and priorities, and to facilitate improved regional collaboration and shared learning.

The Department of Health also oversees and funds a range of other health and social care bodies, such as the Public Health Agency and the Northern Ireland Blood Transfusion Service.

3 Governance, finance and funding arrangements

3.1 The governance structure of the NHS

The NHS across the nations of the UK is made up of a complex network of national, regional, local and specialist boards, trusts, partnerships and other organisations.


At a national level, the NHS is governed by the relevant national government or executive, through the department responsible for health and social care and the relevant secretary of state, minister or cabinet member. Each national government is, in turn, accountable to its respective national parliament or assembly.

Within England, the national healthcare system is led by NHS England. NHS England is governed by a board of executive and non-executive directors. Non-executive directors are appointed by ministers within the DHSC, in accordance with the requirements set out by the Commissioner for Public Appointments.

In Scotland, Wales and Northern Ireland, the national healthcare system is led directly by the relevant department of the devolved government or executive.

Individual organisations within the NHS across each of the UK nations are, in general, governed by their own boards of executive and non-executive directors. Some boards also have one or more associate non-executive directors, which are usually development roles for individuals who may in time progress to non-executive directorship. These boards are usually accountable to the relevant department of the national government or executive, either directly or, in England, via NHS England.

Yorkshire and Scarborough Teaching Hospitals NHS Foundation Trust operates across eight hospital sites and within the local community. Its board is made up of the chair, the chief executive, seven executive directors (including the CFO), seven non-executive directors and one associate non-executive director. The Board meets monthly, with the exception of August and December. Its meetings are open to members of the public, who may also ask questions of the board.



The board of each NHS organisation is responsible for that organisation's overall governance, activity and performance. It has a vital role to play in formulating the organisation's strategy, in ensuring accountability and in shaping the organisation's culture. The members of the board share collective responsibility for meeting the board's obligations and for the decisions that the board takes.

Executive directors are senior level employees of the organisation with responsibility for the organisation as a whole or for specific clinical and non-clinical functional areas. Non-executive directors are not employees of the organisation, but are selected by the board – or, in some cases, by the organisation's funding or regulatory body – for the specific expertise or perspective that they bring to the board's work. Other senior level members of staff may also attend board meetings but are not formal members of the board.

The boards of NHS organisations fulfil some of their obligations through committees, some of which have a statutory basis and some of which are established due to local need. Such committees commonly include those with responsibility for finance and performance, audit and risk assurance, quality assurance, senior management appointments and remuneration, and the oversight of any charitable funds held by the organisation.

3.2 Financial planning and management

The vast majority of NHS services are funded from general taxation, with a small proportion being funded through patient charges, the level of which varies across the nations of the UK. Consequently, NHS services are largely free at the point of use, meaning that patients pay no direct charge for most healthcare services.

Due to the complexity of the NHS, together with the nature of the services that it provides, proactive financial management is critical to ensuring optimal healthcare outcomes. This is reflected in the strict financial framework within which all NHS organisations operate.

The NHS is characterised by a high degree of financial direction and control. The specific financial planning and management arrangements vary across and within the publicly funded healthcare systems in the four UK nations, but some general principles can be established.

Each national government has annual capital and revenue resource limits for healthcare services and exercises, through the relevant government department or body, a funding and regulatory role in respect of the NHS organisations that it oversees.



For the financial year 2024/25:

NHS England has a revenue resource limit of £186bn and a capital resource limit of £4bn.

NHS Scotland has a budget of £19.5bn, of which £12.7bn is allocated to the territorial health boards and £840m is targeted at capital investment.

NHS Wales has a revenue budget of £10.6bn and a capital budget of £362m (within a wider health and social services budget of £12.1bn and £439m respectively).

Department of Health in Northern Ireland has a revenue budget of £7.8bn and a capital budget of £417m.

NHS organisations with commissioning responsibilities are provided with an annual funding allocation by their government funder and are held to account for their performance against this allocation. Commissioning organisations may also be provided with other financial or non-financial targets or indicators, against which their performance will be measured.

NHS organisations with provider responsibilities, whose income is dependent on the nature and volume of services commissioned, must themselves balance income from commissioners with expenditure on service delivery. They may, likewise, be required to meet certain agreed financial or non-financial targets or performance measures.

The boards of NHS organisations are responsible for planning and controlling the organisation's income, activities and costs so as to ensure that the organisation remains financially viable. This includes ensuring that their organisation's financial performance and position is in line with the allocation, budget or plan agreed with the relevant funder or regulator.

In England, integrated care boards and their partner organisations are required also to prepare system-wide plans setting out how they will manage their activity, workforce and finances, to achieve national NHS objectives and local priorities established within their integrated care system. These plans must be delivered with the agreed funding envelope for each system.

Due to the dynamic nature of healthcare funding and of demand for specific health and social care services, the nature and level of funding available to the NHS and to the organisations within it can be subject to variation or reprioritisation within any given financial year. This can result in NHS organisations' budgets being subject to in-year changes, which these organisations are required to accommodate.

3.3 Financial reporting within the NHS

All NHS organisations have a statutory duty to prepare an annual report and set of accounts, the publication of which is the primary way in which such organisations demonstrate accountability to patients, services users, taxpayers and other stakeholders.

The annual report is a narrative document that provides information on the organisation's activities and performance over the course of the year. It also provides the organisation with an opportunity to highlight its plans for the future and any challenges that lie ahead.

The accounts provide a set of financial statements for the year. The specific format of the accounts is set out by the relevant national government or executive and may vary depending on the type of NHS organisation. However, the accounts normally include a statement of income and expenditure, a balance sheet and a cash flow statement, as well as various other notes and statements.

The accounts are subject to external audit. Both the accounts and the annual report must be approved by the organisation's board prior to publication.

NHS Fife is one of Scotland's 14 territorial health boards. It provides healthcare services to a population of more than 370,000 people and employs around 8,500 staff. It publishes an annual report and financial statements. The annual report includes a performance report, which sets out a summary of the board's activity and performance over the course of the year, and an accountability report, which includes statements on corporate governance, remuneration and staffing, and losses and special payments. The financial statements include the primary statements, various notes and a report by the board's independent auditors.

Most NHS organisations must also provide regular financial reports to the relevant funding or regulatory body, either directly or through the use of shared financial systems. These reports provide the funding or regulatory bodies with information on organisations' financial performance against the agreed financial allocations, budgets or plans.

Such reports allow the funding or regulatory bodies to monitor the overall allocation and use of financial resources and to ensure that these resources are used to best effect across the organisations for which they are responsible. They also allow these bodies to identify potential financial issues and to intervene when required. Regular financial reports also help funding and regulatory bodies to manage their year-end financial position.

Individual NHS organisations may be required by their funding or regulatory body to prepare and to submit other financial reports over the course of the financial year, where this is necessary to ensure the effective management of public funds.

3.4 Key financial challenges for NHS organisations

Organisations across the NHS face a range of financial challenges. Some of these are due to the specific circumstances in which individual organisations find themselves, but others are more structural and relate more generally to the way in which the NHS operates.

Many NHS organisations struggle, for example, to meet the needs of patients and service users within the constraints of the available financial resources. This places pressure on such organisations' ability to operate within their financial allocations, budgets or plans. Indeed, some organisations have found themselves unable to operate within their assigned spending limits, meaning that they are managing a deficit position.


This pressure is due, in the main, to the relative inability of many NHS organisations, due to the nature of the services that they provide, to manage demand for these services and to control the level of activity that they are required to accommodate. This is especially the case for those organisations providing unscheduled care and those engaged in the delivery of social care services.

The NHS in England faces record demands on its services, with 2.4 million attendances at accident and emergency departments and 565,000 emergency admissions in just one month. The number of patients waiting for routine treatment stands at 7.6 million, of whom 303,000 have been waiting for more than a year. Each month the NHS processes 2.3 million diagnostic tests, checks and scans.

NHS organisations also struggle to reconcile their longer-term activities with the short-term funding framework to which they are subject. While such organisations' boards may wish to focus, for example, on long-term preventative healthcare as a way of improving future health outcomes, their ability to do so can be restricted by uncertainty regarding the availability of funding in future years.

Many NHS organisations experience difficulty in aligning their own strategic objectives with national and regional policy objectives or interventions. In particular, the use by funders and regulators of short-term 'pushes' on specific issues and the provision of non-recurrent funding to, for example, reduce waiting lists for specific procedures, can hamper NHS organisations' ability to build capacity and resilience for the longer-term.

The upshot of this ongoing need to balance demand with political and financial pressures, often under conditions of intense scrutiny, is that senior managers within NHS organisations spend considerably less time than they would like engaged in important strategic activities and considerably more time than they would like 'firefighting' urgent operational and financial matters.



Many parts of the NHS have also experienced under-investment in their physical estate, which has left them with a considerable volume of 'backlog' maintenance that is becoming increasingly urgent. Some NHS organisations also face issues with respect to the use of reinforced autoclaved aerated concrete (RAAC) in their buildings, which need to be addressed as a matter of priority. This places additional financial pressure on these organisations and on the NHS as a whole.

Further information on the challenges associated with the NHS estate in England can be found in CIPFA's [Exploring challenges and solutions for the NHS estate](#).

The drive to better integrate health and social care, especially in England, is also creating financial and operational challenges for NHS organisations. While these organisations welcome the opportunity to work with their local government counterparts and other stakeholders to improve health and care services, NHS and local government organisations work under different financial and regulatory regimes, so struggle at times to align their plans, activities and funding arrangements.

These themes are considered further in CIPFA's [Integrating care: policy, principles and practice for places](#) and [Financial planning and partnership in integrated care systems](#).

4 The role of the chief financial officer

4.1 Understanding the role of the chief financial officer

The role of the CFO in the NHS is a complex and challenging one.

The specific nature of the role depends on the type of organisation in which the CFO works. The CFO of an integrated care board, for example, will spend their day differently to the CFO of an NHS trust. And the CFO of an acute hospital trust will face different challenges to a regional director of finance.

Furthermore, the CFO may also have responsibility for other service areas, such as estates, information technology, procurement, digital transformation and/or the management of the organisation's capital programme.

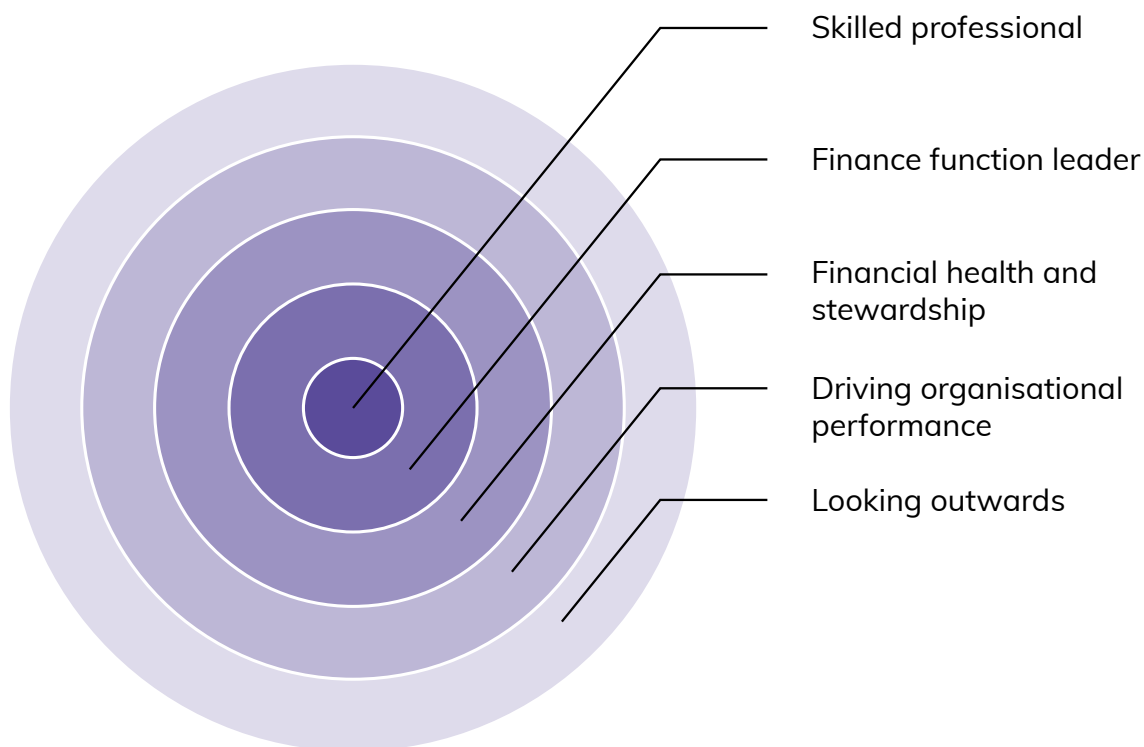
As with all public service organisations, however, there are five fundamental elements that define the CFO role in an NHS organisation.

The five elements of the CFO's role are:

- **Skilled professional:** Being a skilled, experienced, trusted and respected finance professional
- **Finance function leader:** Leading an efficient and effective finance function that supports the organisation and helps people to grow as individuals and as professionals
- **Financial health and stewardship:** Ensuring the financial health of the organisation and maintaining stewardship of public resources
- **Driving organisational performance:** Creating an enabling culture, driving organisational performance and helping to bring about positive change
- **Looking outwards:** Looking beyond the organisation to explore the wider context, to respond proactively to change and to build strong relationships with others

Each of these elements builds on the ones preceding it. They can be portrayed visually as a series of concentric circles, as shown in figure 1 below.

Figure 1: The five elements of the CFO role




These headings are broadly consistent with the 'key roles' set out in Healthcare Financial Management Association (HFMA) statement on the *Role of the NHS chief finance officer*.

Depending on the nature of the organisation and the financial position in which it finds itself, different elements of the CFO's role may over time take on greater prominence than others. For example, the CFO is likely to have less time available to develop stakeholder relationships if they are focused, instead, on managing their organisation's in-year financial position.

Consequently, CFOs and their organisations should first embed the elements portrayed by the inner circles in the diagram, before seeking to address those portrayed by the outer circles. This will help CFOs and their organisations to build the strong foundation that is required for long-term success.

4.2 Skilled professional

The CFO role in the NHS is that of a skilled professional. The CFO has proven professional competence and possesses and exhibits the skills, behaviours and knowledge expected of any professional operating at a senior level in a complex organisational environment.



This allows the CFO to gain and to maintain the confidence of board members, executive-level colleagues and others throughout the organisation. It also allows them to interact confidently with senior level professionals across the NHS and among partner organisations.

CFOs emphasise the need for professional credibility in their role, so they are able to gain and maintain the trust of colleagues, board members and external stakeholders. Ways of ensuring credibility include 'getting the basics right' in terms of financial management, adopting a 'no surprises' approach in financial reporting, and providing clear and practical advice on financial matters.

The CFO acts with the utmost professionalism at all times. They demonstrate the technical, management and leadership skills that are appropriate to their role. They are confident in their abilities and know when to seek support. They possess strong interpersonal skills. And they act with integrity and courage.

The CFO also adopts a strong ethical stance and does not compromise their professional integrity, even when under extreme pressure or facing intractable challenges. They act as the 'moral compass' for their organisation when difficult decisions must be made.


In the NHS, this can be particularly challenging, as CFOs must seek to ensure that there is an appropriate balance in decision making between the provision of safe, effective and high-quality services and the delivery of the organisation's corporate financial objectives. Especially as the former will invariably take precedence over the latter.

The CFO in an NHS organisation must normally possess a professional finance and accountancy qualification issued by a Consultative Committee of Accountancy Bodies (CCAB) member body, by the Chartered Institute of Management Accountants (CIMA) or by an overseas equivalent and must be a member in good standing of the relevant body.

The CFO's experience and expertise are, however, equally important. The CFO understands how organisations work and the role that the finance function plays in enabling organisational success. The CFO also has a thorough appreciation of the organisation itself, of the NHS more broadly and of the political, financial and societal environment in which NHS organisations operate.

4.3 Finance function leader

The CFO leads the organisation's finance function. The CFO ensures that the finance function operates effectively and is fit for purpose. The CFO also promotes the role of the finance team as an 'enabling' function that seeks to serve and to create value for frontline teams and for the organisation as a whole.



The CFO is responsible for ensuring that the finance function is structured and resourced appropriately, that it has a suitable mix of professionally-qualified staff across its core functions, and that it has in place the systems and processes that it requires to fulfil its role within the organisation.

Ideally, the CFO has a strong deputy, or equivalent, who is able to focus on managing the organisation's day-to-day financial operations and its in-year financial position, thus freeing up the CFO to direct their attention to more strategic issues.

Moreover, the CFO is charged with ensuring that all members of the finance team have the necessary skills to undertake their roles. The CFO invests in staff training and seeks to develop talent within the finance team, including through engagement with initiatives such as One NHS Finance.

The skills and competencies required of an effective modern finance function have changed significantly in recent years. Consequently, in addition to the requirement for a core professionally-led finance function, the CFO recognises that finance teams can be enhanced with skills in areas such as project management, change management and data analytics.


The CFO also recognises, however, when it is necessary to secure access to specialist expertise from outside the finance team.

One NHS Finance is a national programme that aims to facilitate the delivery of high-quality health and care services by developing, connecting and supporting the NHS finance community. It operates a range of programmes, networks and events for NHS finance professionals, including the National Finance Academy and the Future-Focused Finance initiative.

It is the CFO who sets the tone for the behaviour, activities and performance of all those working within the finance function. It is the responsibility of the CFO to create a compelling vision for the function and to motivate the finance team to achieve this vision. The CFO also sets robust standards and acts as a role model for the finance team.

In leading the finance function, the CFO seeks to create an environment where team members' health and wellbeing is valued and promoted. This includes helping team members to build their personal and collective resilience, so that they are better able to operate under conditions of considerable pressure.

The CFO also has regard to the need to ensure that the finance function operates in an inclusive manner and that through its actions it promotes equality, diversity and inclusion within the function, across the wider organisation and among the community that the organisation serves.



Furthermore, the CFO ensures that effective succession planning and career pathway arrangements are in place across the team.

4.4 Financial health and stewardship

The CFO is responsible for safeguarding the financial health of the organisation. This involves ensuring that the organisation is able to meet its financial obligations, as well as making the most effective use of the organisation's financial resources and maintaining effective stewardship of public funds.

Getting these 'basics' right is of paramount importance in managing the organisation's finances and in maintaining the credibility of the CFO in the eyes of the board, executive-level colleagues and the national and regional NHS finance structure.

Board member expectations of the organisation's CFO include agreeing a balanced budget, delivering against the agreed budget in-year, maintaining healthy working capital and securing a 'clean' audit report.


In order to ensure that the organisation manages its financial resources effectively, the CFO leads on the development of financial strategies and plans and secures their approval, where necessary, by the organisation's board and other tiers of the NHS finance structure. The CFO also seeks to ensure that the organisation meets agreed financial targets and, where relevant, operates within the allocated resources.

Where the organisation is unable to agree a balanced budget, or where the organisation experiences difficulty in delivering against the agreed budget, the CFO leads on the development and implementation of a credible financial recovery plan. The CFO also provides assurance to national and regional NHS financial leadership, as required, that the organisation's financial position is under control and is being addressed appropriately.

Unlike in local government, the CFO in an NHS organisation is not a statutorily designated role. The CFO in a local government body – as the section 151 officer, or its equivalent – has a range of statutory rights and responsibilities in respect of the management of the organisation's finances (under Section 151 of the Local Government Act 1972).

The CFO in the NHS does not have a similar degree of personal accountability for their organisation's finances, as statutory financial responsibility normally resides with the chief executive, as accountable officer. However, the CFO is expected to play a significant role in the management of the organisation's financial affairs.

Conversely, the CFO in an NHS organisation is normally a voting member of the organisation's board, and so is able to influence the organisation's strategic direction. The CFO in a local government body normally does not, as governance responsibilities and the making of significant decisions are the purview of elected members.



The CFO ensures that the organisation has in place a robust framework for financial governance, management and control and that it complies with other statutory responsibilities and reporting requirements. The CFO establishes and maintains suitable arrangements and mechanisms to fulfil these responsibilities, and to provide assurance that the organisation's financial governance and control frameworks are operating effectively.

The CFO is charged with ensuring that the organisation achieves value for money from its financial resources. The CFO also has responsibility for the preparation of robust and insightful financial information. This information is used internally for budget monitoring, decision making and performance reporting. It is also used externally for statutory and other reporting, and for the purposes of public accountability.

The CFO works to foster an awareness across the organisation of risk and of the impact of different levels of risk appetite. This includes explaining risk – both in general terms and in respect of specific decisions and courses of action – to a broad range of internal and external stakeholders. The CFO also develops and maintains suitable mechanisms to ensure that risk is given appropriate consideration in all substantive organisational decisions and actions.

Where the management of risk at a corporate level is the responsibility of other members of the organisation's senior leadership team, the CFO works with these individuals to ensure that all aspects of risk – including financial risk – are addressed in a proactive and consistent manner.


4.5 Driving organisational performance

Beyond the organisation's financial health and stewardship, the CFO plays a significant and vital role in driving organisational performance.

NHS organisations operate in a politically charged environment in which complex decisions must often be made rapidly and under conditions of uncertainty. In many cases, such decisions must also be made within constraints set out by national and regional NHS structures, which restrict the financial flexibility of NHS organisations and the nature, scope and timing of action that they can take.

Consequently, the CFO plays a vital role in helping the organisation to better understand the challenges it faces, to navigate complex decisions and to balance its aspirations with the available financial resources. The CFO also supports the organisation in looking beyond the challenges of managing in-year budgets to drive positive long-term change for the organisation, for its service users and for the wider community that it serves.

Longer-term opportunities for and challenges to the NHS include declining birthrates and an ageing population, the rise of digital technology and artificial intelligence, the growing focus on (and benefits of) preventative healthcare, the ingrained nature of health inequality, the growth of place-based services and the role of the voluntary and community sector in health and care delivery.



As a full and active member of the senior leadership team, the CFO advises on and has influence on all substantive decisions taken by the organisation. This helps to ensure that such decisions take into account issues such as affordability, financial sustainability and risk. The CFO is regarded as an objective voice of reason and their contribution to the decision-making process is sought out and valued across the organisation.

The CFO uses their financial expertise and their knowledge of the organisation to identify opportunities to reduce costs and to improve efficiency. They help their colleagues to understand the operational impact of cost reduction initiatives. They advise the organisation on how it can use financial incentives – rather than simply spending money – to achieve its broader objectives for the local health and care economy.

In advising on strategic and operational decisions, the CFO is guided not only by financial factors, but also by what they perceive to be in the best interests of the organisation as a whole, and of the community that the organisation serves. This may result in tension between the CFO and other senior leaders within the organisation, as well as with the wider national and regional NHS hierarchy, but it is essential that the CFO's voice is heard and acted upon.

The CFO espouses the view that good financial management is everyone's responsibility and creates a culture of financial literacy across the organisation. This includes ensuring that everyone across the organisation has an awareness, appreciation and understanding of the principles of financial and risk management. It also includes embedding the use of essential financial and risk management approaches and tools, such as scenario planning, sensitivity analysis, project appraisal and the use of business cases.


The CFO similarly nurtures a culture of robust scrutiny of and constructive challenge to the decisions that the organisation makes and the way in which it makes them. The CFO also ensures that the organisation has the capacity, skills and resources to exercise this scrutiny and challenge in practice.

4.6 Looking outwards

The CFO looks outwards beyond the boundaries of the organisation itself to explore the wider sectoral, national and international context in which the organisation operates.

This allows the CFO, the finance function and the organisation as a whole to anticipate political, economic, societal and technological change and to respond proactively to opportunities and challenges that the organisation faces now and in the future. The CFO's outward focus also provides the organisation with the opportunity to engage with and to influence the ongoing NHS change agenda.

The CFO in an NHS organisation builds and nurtures strong relationships with individuals within their own organisation, across the local health and care economy and more broadly. This includes national and regional NHS staff, commissioners, healthcare providers, professional



advisors, suppliers, delivery partners, local authorities, voluntary and community sector organisations and more.

The CFO is able to look beyond their financial role to consider the impact of the organisation's decisions and actions on service users, healthcare partners and other stakeholders. The CFO also takes into account the social and environmental impact of the organisation's activities.

Through its Greener NHS programme, NHS England intends to create the world's first net-zero health service. This involves reducing directly controlled carbon emissions to zero by 2040 and reducing other carbon emissions that the NHS can influence to zero by 2045. Meeting these net-zero targets will necessitate direct intervention in a number of areas, including estates and facilities, travel and transport, the supply chain and clinical resources. It will also, perhaps more critically, require a greater focus on staff capabilities, system leadership and the creation of sustainable models of care.

NHS organisations are increasingly called upon to work collaboratively with other healthcare, local government, voluntary and community sector, and independent organisations in the delivery of health and social care services. In many cases, this involves the adoption of shared budgets, funding and governance arrangements across geographic, functional or thematic areas.

Consequently, the CFO demonstrates collaborative leadership when working with other organisations. They also take a whole system and/or place-based approach when working or leading across organisational boundaries, so as to ensure that the focus remains on what is best for the communities that the organisations collectively serve, rather than for the organisations themselves.

The CFO also seeks to understand the environments within which partner organisations operate and to be sensitive to these organisations' own financial, governance and regulatory obligations and ways of working.

In their dealings with other organisations, the CFO is a reliable ambassador for their own organisation and a positive role model for those engaged in collaborative working arrangements.

The CFO maintains high professional standing among their peers in other organisations and across the health and social care sector. The CFO shares freely their own expertise and experience and provides peer support to others, whether informally or as part of formal mentorship arrangements or peer networks.

The CFO is also a vocal and visible champion of the public value created by their organisation and seeks out opportunities to share and to promote the organisation's achievements and successes.

5 The competencies of an effective chief financial officer

5.1 The nature of the competencies required

The CFO in an NHS organisation demonstrates a suite of competencies that allow them to operate effectively in their role and to create value for their organisation and for the community that the organisation serves. For a discussion of the skills required by senior leaders more broadly, readers may wish to refer to the NHS Leadership Academy's *Healthcare Leadership Model*.

These competencies encompass a broad range of skills, behaviours and knowledge. Some of these are an extension of the competencies that are demonstrated by any effective financial professional, while others – particularly those of a 'softer', rather than a technical, nature – are more specific to organisational leadership roles.


Regardless of a CFO's professional background, moving into the CFO role represents a substantial step and requires the development and demonstration of skills, behaviours and knowledge that the CFO may not have required in their career so far.

Consequently, a high level of self-awareness and the ability of the CFO to assess candidly their own strengths and development needs are vital.

5.2 Skills

The CFO has strong technical financial and accounting skills. This allows the CFO to oversee effectively the work of the wider finance team, to assess the impact of changes to relevant professional and technical standards, and to advise the organisation on finance and accounting matters.

This is not to say, of course, that the CFO is an expert in all aspects of technical finance and accounting. Indeed, the CFO is willing and able to rely on the skills and expertise of the wider finance team, and they know when to seek out specialist support.



Nevertheless, the CFO has an especially high degree of technical financial skill and expertise in respect of critical aspects of the organisation's financial activities and performance. This includes the proactive management of the organisation's in-year financial position so as to comply with agreed budgets and other financial performance measures. It also includes the management of the organisation's financial affairs, together with the reporting thereof, so as to secure an unqualified audit opinion from the organisation's external auditors.

As the leader of the finance function and as a senior leader within the organisation, the CFO has strong leadership skills and is able to create and to communicate a compelling organisational vision for the future. They also have keen political awareness and are able to operate effectively in a politically charged environment.

The CFO is able to think strategically, which allows them to consider how the organisation can achieve its objectives and how the organisation's ability to achieve these objectives will be affected by factors such as resource availability, legislative constraints, demographic changes, the climate breakdown and biodiversity crisis, and other developments in the external environment.


The CFO is also able to balance the competing demands of short-term financial performance and the achievement of longer-term organisational objectives, so that the challenges associated with the former do not undermine the achievement of the latter.

The CFO embraces innovation and change in the achievement of the organisation's strategic, financial and operational objectives. They are able to lead complex transformation and change initiatives. They engage proactively with NHS transformation programmes at the national and regional level and operate effectively as a change agent across the organisation.

The CFO has the ability to make decisions in a clear, objective and structured way. They have strong analytical skills and are able to interpret complex financial and non-financial data. They draw upon a range of analytical tools and techniques and use them to generate insight to support effective decision making. The CFO is also confident making decisions quickly and under conditions of uncertainty.

The CFO has excellent interpersonal skills and is able to work effectively with board members, including non-executive directors, as well as with senior level and other colleagues and with individuals within the national and regional NHS hierarchy. The CFO is able to understand and to negotiate complex organisational politics, allowing them to remain objective, to maintain their professional credibility and to fulfil their role effectively.

As the senior finance professional within the organisation and a member of the organisation's senior leadership team, the CFO is called upon regularly to provide advice and guidance. The CFO is able to provide robust and high-quality advice and guidance to individuals and teams across the organisation and to do so clearly, consistently and compassionately.



The CFO has well developed influencing and negotiation skills, which allow them to shape the future course of events and to align the actions of organisations across their local health and care economy. This is especially relevant to CFOs of those NHS organisations – such as integrated care boards in England – that have few formal powers to direct the actions of others. Indeed, using informal influence to bring about change can constitute a significant part of the CFO's role in such organisations.

Many CFOs – especially those working within integrated care systems – emphasise the importance of their ability to exert influence across their local health and care economy. Some suggest, even, that influencing and negotiating with partner organisations can constitute half to two-thirds of their role.

Much of the CFO's role is about communicating ideas, advice and decisions to a wider audience. This may be an internal audience of team members, other members of the senior leadership team or members of the organisation's board. Or it might be an external audience of commissioners, providers, local authorities, service users, representatives of the national or regional NHS hierarchy, the press or members of the public.

Consequently, the CFO has strong communication and presentation skills and is comfortable communicating verbally and in writing with a broad range of audiences, including those with little or no financial expertise. Crucially, the CFO is adept at drawing together strategic and financial concepts to form a compelling vision or 'story' that will resonate with the organisation's stakeholders and other audiences.


The CFO is also able to communicate effectively with representatives of stakeholder organisations, such as local authorities, that may operate in a different financial and regulatory environment, face different operational and financial challenges, and work in a different way and to different timescales.

5.3 Behaviours

The CFO is assertive and straight-talking, while remaining calm and professional even when operating under extreme pressure. They are objective and analytical in their approach, demonstrating intellectual rigour and sound judgement at all times.

They are confident in their abilities and convey a high degree of credibility, which together mean that people listen keenly to what the CFO has to say.

The CFO operates in an open and transparent manner and demonstrates objectivity and impartiality in all aspects of their role. In making decisions and in providing advice to the organisation, the CFO is – and, importantly, is seen to be – free from conflicts of interest, actual or perceived.



The CFO behaves in an authentic manner and demonstrates a good 'fit' with the organisation's values. Through their positive attitude and constructive behaviour, they instil optimism and hope among the organisation's people and stakeholders. They are also highly visible across the organisation and are regarded as friendly, approachable and accessible.

There is a common perception that the CFO is someone who is there to say 'no'. The reality, however, is that CFOs put considerable effort into getting their organisations into a position where they can say 'yes'.

The CFO has the courage to provide challenge to others across the organisation, including other members of the senior leadership team, members of the board and finance leaders within the national and regional NHS hierarchy. The CFO is able to provide such challenge constructively and in a way that allows effective working relationships to be maintained.

The CFO does not hesitate to stand up against illegal, unethical or inappropriate activity or behaviour. They are aware of where such activity or behaviour might arise and of their, and their organisations, obligations to address and to report it.


The CFO welcomes a challenge, embraces new ideas and seizes opportunities to drive positive change for the organisation and for the community that it serves. The CFO also demonstrates a high degree of inclusivity in the way that they work, make decisions and interact with others across the organisation and its stakeholders.

The CFO demonstrates high levels of emotional intelligence in their interactions with people across and external to the organisation. This allows the CFO to embrace and to manage their own emotions, to recognise and to empathise with the emotions of others, and to use these abilities to build strong and productive relationships.

When working with other senior leaders, with board members, or other individuals or teams within and outside the organisation, the CFO demonstrates a high degree of political and cultural awareness. This awareness is reflected in the CFO's behaviour, the decisions they make and the way in which they engage with the community that the organisation serves.

The CFO builds and nurtures trusting relationships with individuals and teams within the organisation, as well as with the organisation's partners, suppliers, advisors, service users and other stakeholders. The CFO works openly and collaboratively with others and espouses the ethos of partnership working to create shared value.

The CFO also provides members of the finance team – and of other teams for which the CFO is responsible – with a high degree of autonomy. They adopt a coaching and mentoring approach, setting expectations and providing support as required, rather than seeking to micro-manage or to exert an unnecessary degree of direction and control.



As an individual, the CFO displays a high level of personal integrity, underpinned by a strong personal moral and ethical code. The CFO demonstrates social and ethical behaviours in their personal and professional activities that are beyond reproach. As regards professional conduct, they are a role model for others across the organisation and beyond.

The CFO also champions the embedding of an ethical culture across the organisation and among its stakeholders.

The CFO plays a leading role in setting, communicating and enforcing standards of acceptable behaviour within the organisation and in its dealings with other organisations and individuals. They ensure that any breaches of these standards are dealt with promptly, proactively and effectively.

The CFO displays a high degree of personal resilience. They understand the pressures inherent to their role and recognise that avoiding 'burnout' is an ongoing challenge, and that it is a priority for them and for their team. The CFO is able to recover quickly from setbacks and uses such setbacks as opportunities to learn and to grow.


5.4 Knowledge

The CFO possesses deep insight into the organisation, the services it provides and the way in which it works. They have a keen awareness of the organisation's strengths and weaknesses, as well as of the opportunities and challenges that the organisation faces. The CFO also has in-depth knowledge of the organisation's service users and of the community the organisation serves.

The CFO has a good understanding of clinical issues and is able, where relevant, to work effectively with clinical staff at all levels of the organisation. They also have a solid foundation in issues affecting the delivery of health and care services, such as health inequalities and their causes.

CFOs emphasise the importance of being able to present financial information in the broader organisational and/or clinical context. For example, budget reductions are *measured* in pounds but are *felt* in terms of reduced numbers of surgical procedures or increased workloads.

Beyond the organisation itself, the CFO has a comprehensive understanding of the NHS, including its ethos, its structure, the way in which it is funded and the challenges that it faces. The CFO also has a deep appreciation of the delivery of public services more broadly, and is well-versed in the public sector context and the local, regional and national public sector landscape.



The CFO is well-connected across the sector, has good relationships across the national and regional NHS hierarchy and has a high degree of awareness of who is doing what and of how different organisations are addressing the opportunities and challenges that the sector faces.

The CFO has a good understanding of other bodies and sectors with which their organisation works, such as local authorities and the voluntary and community sector. They are familiar with the ways in which these organisations work, including how they are governed, how they make decisions and the specific challenges that they face.

Furthermore, the CFO uses this knowledge to determine how these diverse organisations can best work together to achieve positive outcomes for the communities that they serve.

At a technical level, the CFO is familiar with relevant professional and technical standards, including statutory obligations, financial reporting standards and other compliance requirements. The CFO has a comprehensive understanding of how the organisation can best meet these standards. They are able to assess the impact on the organisation of any new standards or changes to existing ones.

The CFO is aware of the value of data to the organisation and possesses the knowledge required to lead the organisation's efforts to leverage the value of such data to generate insight and to inform decision making. The CFO is also well-versed in the principles of data governance, including the collection, processing, management, maintenance, storage and use of large-scale datasets.

In the fast-paced world of health and care delivery, the CFO is committed to keeping up with current – and future – developments. The CFO is focused especially on taking advantage of the power of technology – such as automation, digitisation and artificial intelligence – to improve service delivery and to create greater value for the community that the organisation serves. The CFO is also aware of the power of systems thinking and seeks to apply systems thinking principles to the way in which the organisation works and to the way in which it responds to the challenges that it faces.

The CFO continues to enhance their own professional knowledge and to apply this knowledge in practice. The CFO also creates a culture where the growth and sharing of knowledge is valued and is used to the benefit of the organisation as a whole.

6 Critical relationships for the chief financial officer

6.1 The importance of relationships

In order to fulfil their role effectively, it is important that the CFO is trusted by their colleagues across the organisation, by individuals working within partner organisations and by those in the community that the organisation serves.

The CFO's personal and professional credibility, together with the confidence and trust that this inspires, is generated through strong relationships. It is vital, therefore, that the CFO builds such relationships, nurtures them and allows them to flourish.


6.2 Relationships within the organisation

The CFO's primary relationship within the organisation is with the chief executive officer (CEO) or their equivalent. The CEO and the CFO are very much 'on the same page' in terms of their vision for the organisation and work effectively as a team to turn this vision into reality. A strong and supportive relationship based on trust and mutual respect allows the CFO to act as an advisor and 'critical friend' to the CEO, with the ability to challenge the CEO when necessary.

The CFO also has a solid working relationship with other senior leaders across the organisation, including – critically – those in clinical leadership roles, such as the medical and nursing directors. They demonstrate a good 'fit' with the values and outlook of their senior leadership colleagues. Furthermore, through their relationships with these senior colleagues, the CFO creates a culture of collaboration and reinforces the enabling nature of the finance function.

The need to 'gel' with the CEO and other members of the senior leadership team is regarded by many CFOs as essential. This means that the executive directors are able to work effectively together as a team, even – and perhaps especially – when under pressure.

The CFO nurtures a close relationship with members of the organisation's board, including non-executive directors and those nominated by partner organisations. The CFO engages with the board objectively and impartially, which reinforces the board's trust in the CFO and in the quality and reliability of the CFO's advice and professional judgement.



The CFO has an especially close relationship with board members who have a specific interest in or remit covering financial matters, such as the chair and members of the audit and risk assurance committee, the finance and performance committee and their equivalents. Where the organisation operates or has responsibility for charitable funds, the CFO also works closely with the chair and members of the committee responsible for oversight of these charitable funds.

In providing advice to board members, the CFO recognises that this advice may not always be taken and that the CFO may be required to implement decisions or courses of action that are not consistent with the advice that they have given. The CFO nevertheless maintains an effective working relationship with the board and with fellow members of the organisation's executive team under such circumstances.


The CFO creates and nurtures a strong working relationship with the members of the finance team, both through established organisational reporting lines and directly with individual members of the team at all levels. This allows the CFO not just to lead the team effectively, but also to listen to members of the team and to enhance the team's ability to serve the organisation. The same applies to other teams for which the CFO is responsible.

The CFO works closely with the organisation's human resources lead, to ensure that there is close alignment of the organisation's human resources and financial strategies and to facilitate early consideration of the financial implications of developments in the organisation's structure, staffing and ways of working. The CFO also maintains an effective working relationship with the organisation's chief legal officer and works closely with them to ensure that the organisation meets its legal responsibilities and that it operates within its statutory remit.

Both directly and through the finance team, the CFO nurtures a productive working relationship with clinical and non-clinical departmental managers and budget holders across the organisation. The CFO recognises that the work of the finance function must be informed by the needs of the organisation. Consequently, the CFO strives to be visible and accessible to all individuals and teams across the organisation.

The CFO works closely with the organisation's internal audit team, if it has one, and recognises the team's role in providing assurance in respect of the organisation's governance, risk management and internal control frameworks. The CFO also acknowledges the internal audit team's role in helping the organisation to learn from others and to improve continuously the way that it works. The CFO supports the head of internal audit in the fulfilment of their role but does not seek to direct or to control the work of the internal audit team.

The CFO nurtures their relationship with the organisation's external auditors. The CFO recognises that, while the role of external audit is primarily to provide an independent external examination of the organisation's financial records and reporting, the skill of the external audit team, their knowledge of the organisation and their understanding of the environment in which



it operates mean that the relationship between the CFO and the external audit team can be a valuable one if approached in an open and constructive way.

The CFO also plays a vital role in ensuring that the organisation listens to the advice given by its internal and external auditors and that it takes appropriate action in response to any issues, concerns or opportunities for improvement that they might raise.

6.3 Relationships with other people and organisations

Looking beyond the organisation itself, the CFO builds close and collaborative working relationships with key individuals within the national and regional NHS finance structure or within relevant departments of the devolved government or executive.


Conversations between CFOs within local NHS organisations and their national/regional NHS finance counterparts can be challenging, especially when finances are tight and savings need to be made. Consequently, maintaining the confidence of national/regional finance people in the CFOs ability to manage effectively their organisation's financial situation is vital.

The CFO also nurtures relationships with relevant individuals within partner organisations, such as commissioners, providers, local authorities and other organisations within the local health and care economy. Such relationships are especially important within integrated care boards and systems in England, where the CFO will need to work effectively with colleagues across the various system partners – including NHS trusts, local authorities and community organisations – to manage the integrated care board's financial position.

Indeed, the CFO recognises that alignment of strategic, operational and financial objectives across integrated care systems and their equivalents is vital, especially where delivery arrangements involve shared budgets or collective accountability for outcomes. Furthermore, the CFO recognises that strong relationships based on trust make it easier for organisations operating within such arrangements to communicate and to work together openly and proactively.

The CFO works closely with other bodies upon which their organisation relies or in which it has a particular interest. This might include voluntary and community sector organisations, the deans of local medical schools, those involved with facilities operated under the private finance initiative and key suppliers of goods, services or agency staff.

The CFO also liaises closely with the organisation's professional advisors and acknowledges the value that such advisors bring as a source of insight into the wider environment in which the organisation operates.



The CFO is confident communicating with representatives of local, regional and national media. And they welcome the opportunity to engage directly with service users and with members of the public, so that they can better understand these individuals' needs.

6.4 The CFO's personal network

Maintaining a good support network is essential to the ability of a CFO within the NHS to operate effectively and with resilience.

The CFO develops and nurtures their own personal network among their peers in other NHS organisations. This network provides the CFO with the opportunity and the means to share ideas with and to seek insight from like-minded individuals who understand the issues and challenges that the CFO is facing.

Some CFOs suggest that the high degree of cohesion between CFOs operating within NHS organisations is, in itself, a critical factor in the NHS's ability to continue to operate in financially challenging times.

The CFO's network of peers can also offer valuable moral support in respect of ethical challenges that the CFO might have to deal with, whether that is in helping the CFO to reflect on their own ethical stance, in providing a forum to discuss the implications of different courses of action, or perhaps even in just being there to listen.

Consequently, this personal network benefits not just the CFO, but also the wider organisation in which the CFO works.

Furthermore, the CFO's personal network helps to reinforce the CFO's personal and professional resilience. The CFO role can be a lonely one at times, so having a network of peers to whom they can turn for help, advice and guidance is invaluable. Knowing that there are colleagues who will provide assistance can help the CFO to get through even the most challenging times.

The CFO plays an active role in relevant professional bodies, including those with a financial and a sector-specific focus, such as the HFMA and the One NHS Finance programme. Such relationships provide the CFO with the opportunity to learn new skills, to enhance their knowledge and to broaden their personal network. However, they also allow the CFO to contribute their own expertise and to help others to grow.

7 Organisational environment and culture

7.1 The need for a supportive organisational culture

The ability of the CFO to fulfil their role can only be realised within a supportive organisational environment and culture. The CFO helps to create and to embed this culture, but such a culture draws ultimately upon the active engagement and support of individuals and teams across the organisation. It must be nurtured constantly if the organisation is to thrive.

7.2 Involvement of finance in decision making


The CFO is involved in and able to influence all material organisational decisions. This allows the CFO to provide the organisation with appropriate advice and to ensure that issues such as affordability, financial viability, risk appetite and strategic 'fit' are given appropriate consideration in the decision-making process.

To ensure that the CFO is able to advise the organisation effectively, to have an appropriate degree of involvement in the design and delivery of the organisation's strategic objectives and to ensure accountability for and stewardship of public funds, the CFO is a full member of the senior leadership team and is engaged in all discussions at the highest executive level.

If the CFO is doing their job well, colleagues across the organisation should *want* the CFO to weigh in on critical decisions. It is the ultimate sign of professional respect.

The CFO recognises that, in an enabling organisation, the finance team cannot operate in isolation. Consequently, the CFO and their senior leadership colleagues work to integrate the finance function into the wider organisation and to facilitate communication between the finance team and other individuals and teams across the organisation.

In particular, the CFO and the finance function enjoy a positive and productive relationship with the clinical community and other front-line functions. There is good ownership of budgets across the organisation, with front-line and back-office functions alike taking accountability for their spending decisions. And there is a strong culture of finance being an integral part of the wider organisation.



The CFO ensures that the organisation recognises the value of an effective finance function and that the finance function has the capacity and resources that it requires to fulfil its obligations.

7.3 A proactive and accountable approach to making decisions

There is a strong commitment across the organisation to robust financial management and stewardship. Individuals across the organisation are able to have mature conversations about resources and about the impact of resource challenges on service delivery.

The organisation's chair, board members and chief executive pay close attention to the organisation's financial position. Furthermore, financial matters are subject to a suitable degree of discussion and challenge at board meetings, rather than simply being reported for information.

In order to operate effectively and to meet the needs of service users in a rapidly changing external environment, the organisation seeks actively to identify relevant financial, clinical, societal, technological and other changes as they become apparent and to assess the impact of these changes on the organisation's activities and on its ability to fulfil its obligations.


Changes in the external environment that have an impact on the way in which NHS organisations operate include changing demographic patterns, developments in digital technology and artificial intelligence, greater public demand for health screening and preventative care, the availability of weight-loss drugs and other novel therapies, and growing health inequalities in certain areas.

The organisation also displays a willingness to respond to changes in the environment in which it operates and to its own changing priorities. The organisation has a good understanding of and tolerance of risk, is open to change and, indeed, demonstrates a visible eagerness to seize opportunities and to address challenges so as to create greater value for the community that it serves.

The organisation makes decisions transparently and on the basis of the available evidence. It has robust systems of internal control and demonstrates accountability for the decisions that it makes. But it also espouses a learning culture in which blame is discouraged and in which individuals, teams and the organisation as a whole are encouraged to learn from those situations where things have not gone entirely as planned.

7.4 A culture of financial literacy

The CFO creates and sustains a culture of financial literacy across the organisation. This allows the principles of sound financial management and control to be embedded into the way the organisation works and into the decisions that it makes at a strategic and an operational level.



This culture of financial literacy encompasses a holistic approach to financial management, which is demonstrated through a good understanding of the resources available to the organisation, awareness of the costs associated with different activities, clarity around the impact of financial decisions and the inclusion of finance as a relevant factor in decision making.

CFOs recognise that operational activity and financial performance are two sides of the same coin. A better understanding of one gives greater insight into the other.

A culture of financial literacy helps to ensure that the financial implications of proposed courses of action are given timely and appropriate consideration. It also helps to promote and to embed the use of appropriate decision-support tools and techniques, such as option appraisal, business cases, sensitivity analysis and risk assessments.

Moreover, it drives the recognition of effective financial management as a core objective of the organisation and embeds it as the responsibility of all individuals and teams, not just the CFO and their finance team.

By creating a culture of financial literacy, the organisation acknowledges that its operational activity and its financial performance are linked inextricably. Every operational decision has a financial impact. And every financial decision has an operational one.

Financial literacy provides the organisation with a solid foundation for its future success. But a culture of financial literacy does not just happen, it needs to be created. It is the CFO who has the skills and the opportunity to create, to promote and to nurture it.



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Annex A: Glossary

Accountability: Being answerable for actions taken, able to explain why these actions have been taken and accepting of the consequences for the actions taken.

Audit and risk assurance committee: A committee of an organisation's board that is charged with seeking assurance in respect of the organisation's risk management framework, its internal control environment and the integrity of its financial reporting.

Board: The body within an organisation with ultimate responsibility for that organisation's governance, activity and performance. Within the NHS, a board is usually made up of executive and non-executive directors.

Chief executive officer (CEO): The most senior executive role in an organisation.

Chief financial officer (CFO): The executive senior leadership role with overall responsibility for the organisation's financial affairs, activities and operations.

Emotional intelligence: The ability to perceive, interpret, understand, use and control emotions so as to communicate effectively with and relate to others.

Enabling organisation: An organisation that creates and embeds a culture in which the organisation's constituent functions are focused on fostering growth, improving performance and driving positive change.


Executive director: A senior-level employee of an organisation, and commonly also a member of the organisation's board, with responsibility for the organisation as a whole or for a specific clinical or non-clinical functional area.

External audit: An assurance function, undertaken by a qualified and independent third party, that provides an examination and verification of an organisation's financial statements and/or other financial reporting.

Finance function: The staff within an organisation with a prime responsibility for financial matters. Some aspects of the finance function may be outsourced.

Financial literacy: The ability to recognise, to understand and to apply the principles of effective financial management.

Financial management: The system by which financial resources are planned, directed, and controlled to enable and to influence the efficient and effective delivery of the organisation's goals.



Frontline service: Activities undertaken within an organisation that attend directly to the needs of external customers and service users.

General practitioner (GP): A medical doctor who is a consultant in general practice. Provides primary care services to a local population on contract to the NHS.

Governance: The arrangements in place to ensure that an organisation fulfils its overall purpose, achieves its intended outcomes for citizens and service users, and operates in an economical, efficient, effective and ethical manner.

Health and Social Care (Northern Ireland): The publicly funded healthcare system in Northern Ireland. Regarded as a part of the National Health Service.

Health and social care trust (Northern Ireland): The health and social care provider organisation for a specific geographical area in Northern Ireland.

Health board (Scotland): The NHS commissioning and delivery organisation for a specific geographical area within the NHS in Scotland.

Independent provider: A provider of NHS services that is not an NHS trust or a GP practice. Such providers can be private companies, charities, social enterprises, voluntary and community sector entities, or individual providers of care.


Integrated care board (England): A body within the NHS in England that is responsible for the planning, commissioning and delivery of NHS services in a specific geographical area. Part of an integrated care system.

Integrated care partnership (England): A body within the NHS in England that brings together organisations that play a role in improving health, care and wellbeing in a specific geographical area. Part of an integrated care system.

Integrated care system (England): A statutory arrangement within the NHS in England with responsibility for bringing together health and care organisations to facilitate joined-up service delivery. Each integrated care system covers a specific geographical area and is made up of an integrated care board and an integrated care partnership.

Integration authority (Scotland): A body within NHS Scotland that brings together NHS and local government organisations in defined geographical territories to improve health and social care outcomes for patients, service users, carers and their families.

Integrity: The quality of being honest in one's dealings with others or of adhering to a specific moral or ethical code.



Internal audit: An assurance function that provides independent and objective assurance to the organisation in respect of its governance and risk management processes and its internal control environment.

Local authority: A principal body of local government, operating across a defined geographical area, such as a city, town or county.

Local government: The primary sub-national tier of government.

Local health board (Wales): The NHS commissioning and delivery organisation for a specific geographical area within the NHS in Wales.

National Health Service (NHS): The collective term for the publicly funded healthcare systems across the UK. Also used to refer to the publicly funded healthcare service in England.

NHS England: The public body responsible for overseeing the planning, funding and day-to-day operation of the NHS in England.

NHS Scotland: The publicly funded healthcare system in Scotland.

NHS Wales: The publicly funded healthcare system in Wales.

Non-executive director: A member of an organisation's board who is not an employee of the organisation, but who brings specific expertise or an external perspective to the work of the board.


Organisational culture: The unwritten rules, behaviours, assumptions and attitudes that determine how things are done within an organisation and how the organisation responds to opportunities and challenges.

Personal resilience: The ability of an individual to deal with change, to recover from setbacks and to use these as opportunities to learn and to grow.

Primary care: The first point of contact for patients seeking access to healthcare, which focuses on providing essential healthcare services and on facilitating access to further services as required.

Public health: The prevention of disease, the prolonging of life and the promotion of health through the organised efforts of society.

Public sector: The part of the economy comprising those organisations that are owned, operated, funded or controlled by the government.



Public service: A service provided by a public sector organisation or otherwise performed for the benefit of the public.

Public service organisation: One or more bodies managed as a coherent entity with the primary objective of providing services of public or social benefit, rather than generating a financial return to equity shareholders.

Public value: The value that an organisation or activity contributes to society.

Regional partnership board (Wales): A collaborative entity operating across a defined geographical territory in Wales that bring together local health boards, local authorities and other stakeholders to improve the way in which health and care services are delivered and to enhance the wellbeing of the local population.

Resilience: The ability to recover quickly from external shocks or setbacks.

Secondary care: Acute and specialised healthcare services, often provided in a hospital environment upon referral from a primary care provider.

Stakeholder: Someone who has an interest in an organisation or in the outcome of the organisation's activities.

Stewardship: The careful and responsible management of something that has been placed into one's care.

Support function: An activity undertaken within an organisation that attends to the needs of other functions within that organisation, rather than of external customers and service users.

Sustainability: The configuration of an organisation's activities and resources so that it is able to operate effectively both now and in the future.

Tertiary care: Specialist medical services provided to patients with severe or complex healthcare needs.

Transparency: Being clear, open and honest in one's dealings with others and disclosing all relevant information so that others can make informed decisions.

Value for money: The optimal combination of cost, quality and environmental impact in the achievement of intended outcomes.



Annex B: Further reading

For readers who wish to explore in more detail the topics covered in this publication, we set out here a range of resources that may prove informative.

We would also recommend that readers explore the resources made available by [One NHS Finance](#), including its future-focused finance, finance innovation forum and national finance academy programmes.

- [Standard of Professional Practice on Ethics](#) (CIPFA, 2018)
- [Key competencies for public sector finance professionals](#) (CIPFA, 2020)
- [The role of the chief financial officer in public service organisations](#) (CIPFA, 2023)
- [NHS finance: An introductory guide](#) (HFMA, 2024)
- [The role of the NHS chief finance officer](#) (HFMA, 2024)
- [Handbook of the International Code of Ethics for Professional Accountants](#) (IESBA, IFAC, 2018)
- [A vision for the CFO and finance function: From accounting for the balance sheet to accounting for the business and value creation](#) (IFAC, 2019)
- [Evaluating the finance function: An assessment tool to guide finance function transformation](#) (IFAC, 2019)
- [Future-fit accountants: CFO and finance function roles for the next decade](#) (IFAC, 2019)
- [NHS leadership competency framework for board members](#) (NHS England, 2024)
- [Healthcare Leadership Model](#) (NHS Leadership Academy, 2024)

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