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Public Finance & Accountancy

CIPFA

Integrating care:

putting the principles in place?

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Now that the Health and Care Act has passed, it's full steam ahead for integrated care systems (ICSs) to become statutory bodies from July 2022. Earlier this year, a further White Paper was published, *Health and social care integration: joining up care for people, places and populations*.[1] The title illustrates what it aims to achieve. Yet integration still seems to mean different things to different people ranging from the closer alignment of health and care services, through to an entirely different way of working across systems to tackle population health management and the broader determinants of health and wellbeing.

The White Paper recognises some of the challenges and asks some specific questions. Many of these relate to the key components of good public financial management: outcomes, accountability and financial frameworks. These are critical elements in enabling effective collaboration across organsiations which have such different systems and cultures.

This briefing builds on a roundtable discussion, where senior finance professionals from across the NHS and local government discussed these aspects of the White Paper. Going forward, we intend to build on this in a further publication, expanding on the issues raised here and drawing on case studies and good practice to provide solutions. We hope that this will be helpful to finance practitioners, and to the Department of Health and Social Care (DHSC) and NHS England as they develop further guidance.

If you are interested in joining CIPFA's Integrating Care hub, or have experience of the issues raised here which you would like to share to inform our future work, please contact us on integratingcare@cipfa.org.

Key messages

Place, prevention, and partners →

- A greater emphasis on place and prevention is welcome, as is the recognition of local government as equal partners.
- Local government, at all levels, holds many levers which influence health and wellbeing, so have a crucial role to play at the level of Integrated Care Partnerships and place.

The wider landscape and aligning policy →

- The crowded policy landscape presents competing priorities for the NHS and local government, which can distract from and add tensions to, the integration conversation.
- Amongst these competing pressures faced by both the NHS and local government, it is difficult to see how integration will be able to progress *'further and faster'* as expected in the White Paper.
- Some areas of government policy compete with the integration agenda and require complex workarounds. Improving policy alignment would be the ideal solution but sharing experience to improve understanding would be a welcome first step.
- There is a clash between 'here and now' pressures and the long-term view. Good financial management requires consideration of the entire breadth of responsibilities to ensure outcomes and value for money are achieved.

Shared outcomes →

- A national outcomes framework should provide a single set of shared goals across the wider health and care landscape, without adding another tier of bureaucracy. It must be adaptable to local circumstances, enabling a focus on local priorities.
- It is for local systems and places to determine a set of appropriate priorities and metrics, based on evidence and against which progress can be measured, rather than national prescription driving local activity.

Clear accountability in place →

- Given the significant variation between places, a single 'one size fits all' set of criteria for accountability arrangements and the requirement for a single accountable person does not seem appropriate.
- A principles-based framework setting minimum expectations for different stages of development, as places evolve, would be more appropriate.

Finance and integration →

- A shared understanding of the different financial systems across the NHS and local government is essential if the aims of integration are to be realised.
- A lack of funding certainty stifles the ability to plan and invest in priorities with longer-term horizons, such as preventative interventions and reducing health inequalities.
- A targeted approach based on local priorities is likely to have greater impact than pooling budgets 'wherever possible'.
- The commitment to review arrangements for pooling is welcome. However, a more overarching view of aligning resources would be more helpful, with the aim of removing the need for complex workarounds.
- Delegation of functions and resources to place should be underpinned by a joint financial framework to ensure that funding flows reflect where decisions are made and best support delivery of shared outcomes.
- Principles for joint financial arrangements could be combined with those for accountability arrangements, to provide a single principles-based framework for different stages of development as places evolve over time.

Place, prevention and partners

The focus on prevention and place in the White Paper is welcome. These are factors which local government understand well and have significant influence over. The White Paper also places more emphasis on local government as equal partners. Yet it continues to refer to local government as a whole, with no recognition of the different tiers and the valuable roles they can play.

While social care and public health are crucial to the integration agenda, district and borough councils also hold many of the levers which influence the health and wellbeing of their population.

With Integrated Care Boards (ICBs) being established as statutory bodies from July 2022, the current focus remains on health structures. But July is just the starting line. Integrated Care Partnerships (ICPs) will be established but are unlikely to be in their final form. Place-based arrangements are being considered, but, again, are likely to evolve over time. It is at these levels of place and ICP, that all levels of local government will have key roles to play.

'...district and borough councils are clearly becoming much more involved in some aspects of integration, on the Integrated Care Partnerships. From that perspective, one of the challenges is how we better align health and wellbeing strategies and take a longer-term view in terms of prevention and investment in the wider determinants of health and wellbeing.'

Terry Collier, Spelthorne Borough Council

The wider landscape and aligning policy

Health and care landscape

The integration White Paper sits amongst a variety of other policies – the introduction of the Health and Care Levy and social care charging reform,[2] a White Paper on wider reform of adult social care,[3] the levelling up White Paper[4] and reform of the public health system at national level.[5] A further White Paper on addressing health inequalities is awaited. For the NHS there are numerous priorities,[6] and there is huge pressure to tackle the backlog of elective care.[7] The NHS long-term plan is also to be updated, with revised delivery expectations.[8]

So, the health and care policy landscape is particularly crowded. Also, the experience of the COVID-19 pandemic and the focus on recovery looms large, with the true impact on services unlikely to be understood for some time.

> '...it's not the easiest landscape to look at system change... it's a system under immense pressure... dealing with a whole host of 'here and now' issues.'
>
> **Carol Culley, Manchester City Council**

Whilst some of these priorities may be '*mutually reinforcing*',[9] they are also complex and difficult to navigate, prioritise and resource. Scarce funding and the impact of rising inflation and the cost-of-living crisis are also biting. For both the NHS and local government, navigating a coherent path through this complex landscape and finding the bandwidth for integration amongst these competing priorities is problematic, leading to additional tensions and distractions. Amongst these competing pressures faced by both the NHS and local government, it is difficult to see how integration will be able to progress '*further and faster*' as expected in the White Paper.

Competing policy agendas

The *Health and Care Act 2022* has stripped away many of the competitive elements within the NHS which acted as barriers to the integration agenda. However, there are remaining policy misalignments that continue to impede progress. Examples include the difference between the NHS as free-at-point-of-use and social care as a paid-for service, or the differential VAT regimes across the NHS and local government. Over the years, many systems have identified and successfully established workarounds for these issues. However, this adds to the complexity involved.

Improving the alignment of competing policies within and across government departments, to remove the need for complex workarounds would be the ideal solution. However, simply sharing experience and improving the understanding of these potential solutions would be helpful and prevent undue focus on these issues which distract from the aim of integrating further and faster.

Short-term versus long-term thinking

Achieving the vision, with a focus on prevention and improved population health, requires long-term thinking and investment. However, there is often a clash between the short- and long-term view which can create tensions amongst partners and impede progress.

In local government, the uncertainty around the financial implications of adult social care charging reform is a cause of concern amongst all partners. The NHS is facing huge political pressure to address the elective backlog and reduce waiting times. Such 'here and now' issues compete with the longer-term view of the benefits of investing in prevention, addressing health inequalities and improving health and wellbeing outcomes.

'...elective waiting lists are important, but that doesn't mean it's got to be the job of every single person that works in the NHS.'

Richard Douglas, South East London ICB

Good public financial management requires a focus on the full extent of responsibilities in the long term, to ensure that outcomes are achieved and value for the public pound is maximised. This requires certainty of funding in the medium to long-term, as well as coherence of policy and priorities. This is true of any organisation but is even more crucial when taking a whole systems approach. All partners need to know what they can bring to the table and contribute to achieving the overall outcomes.

Shared outcomes

Balancing variation and clarity of outcomes

The integration White Paper was published while the Health and Care Bill was still passing through Parliament and amongst a plethora of guidance,[10] further adding to the complex landscape.

'I was surprised at the timing of a White Paper on integration, given where people had got to with the legislation that was going through...'

Bob Alexander, CIPFA

Different ICSs are at different stages of the integration journey, in terms of both the relationships and the progress made. There is also variation in size, population need, geographic footprint and co-terminosity of partners. This is true not only of ICSs, but also the places within them. As CIPFA have previously highlighted, even what is meant by 'integration' can be interpreted in a variety of ways.[11]

The White Paper and much of the guidance is written in what could be considered 'loose language' in an understandable attempt to cover all this variation. However, this can lead to confusion and lacks clarity.

'There's a long history to get us to this policy point. Lots of different expectations across different parts of sectors... so I suspect partners around the table will have slightly different expectations of what they wanted to see from an integrated system. I think this has developed into something that involves a lot more structural reorganisation that was envisaged at the start, which has added a degree of instability.'

Carol Culley, Manchester City Council

NHS England has previously set out the core aims of ICSs,[12] and the White Paper defines successful integration as:

> '...*the planning, commissioning, and delivery of co-ordinated, joined up and seamless services which support people to live healthy, independent and dignified lives and which improves outcomes for the population as a whole.*'

It goes on to state that the approach to designing shared outcomes will have at its centre improving population health and reducing health disparities.[13] While these ambitions are admirable, they are extremely wide-ranging and do not provide clear, specific, measurable outcomes to work towards.

An alternative may be to address one 'element' of integration at a time. For example, starting with greater integration of commissioning services may enable a more manageable concentration of efforts and provide more certainty around what successful governance and financial arrangements would need to look like.

Whilst there is significant variation between systems, places and the progress of integration, clarity of the intended outcomes at national level is essential. This must be balanced with a broad enough view that enables all systems to contribute to national outcomes in a manner appropriate to their local circumstances, regardless of what stage of the integration journey they are at.

Balance between local and national – subsidiarity versus prescription

As previously noted, the policy landscape is crowded, and the White Paper refers to '*mutually reinforcing*' reforms. A national framework should clarify the outcomes to be achieved across all these reforms to provide a single set of shared goals across the health and care sector. This

should aid in clarifying the requirement and perhaps remove some of the tensions and competing priorities.

Care should be taken to ensure that any national framework does not add yet another tier of bureaucracy on top of existing 'sector specific' national priorities. This would require a truly integrated approach to be taken from the centre, with different government departments coming together to clarify priorities and the related outcomes to be achieved through integration.

'...we need to ensure that it actually fits within the refresh of the NHS long-term plan and the levelling up agenda, and the other key policy drivers that are influencing what's going on in local places.'

Andrew Burns, CIPFA

Such an aligned national framework must provide sufficient autonomy for systems and places to take forward in a manner appropriate to their local circumstances. It should allow for more detailed, tailored frameworks at ICS level, reflecting the ICP's plan, which can be further translated down to place level.

'...unless there's some local determination of the desired outcomes... then it's pointless having the partnership. Unless they have some responsibility for something, people won't come along.'

Richard Douglas, South East London ICB

One way to achieve this may be by formulating minimum national standards, which may have greater/lesser priority in each locality. This requires national outcomes to be expressed in a manner that does not involve a detailed set of performance metrics which then drives local activity. The focus should be on local priorities reflecting the national, rather than national prescription stifling local innovation and/or need.

Importance of data in determining progress

Good public financial management requires making evidence-based decisions on the allocation of public funds and the ability to track progress and ensure value for money is being achieved.

A baseline assessment of health and wellbeing of populations at system level could provide a starting point against which to track progress towards defined metrics (and longer-term outcomes) over time. This is likely to be more meaningful than a single set of national targets/ output measures which may not translate to system/place level.

Given that funding flows are expected to work at system level, then any performance metric should be set at the same level, to inform decision making on resource allocation. Where functions are delegated, this may be more appropriate at place level for some outcomes/outputs, but should be able to be 'built up' to system level to provide a more strategic view.

'...how can you have performance metrics that aren't at a system level when you are expecting funding flows to work that way?'

Nicci Briggs, Leicester, Leicestershire and Rutland CCGs

One potential approach could use existing data from joint strategic needs assessments (JSNAs) and health and wellbeing strategies to provide an overall picture of place. These could then be aggregated to provide a system-wide view. This can then be considered through the appropriate 'lens' – such as health inequalities or prevention – to give a view of differential needs or cohorts across the system.

Clear accountability in place

The recognition of place as the engine for delivery and reform is welcome. The White Paper states there is no intention to prescribe accountability arrangements at place level. Given the significant variation between places, even within a single system, a prescriptive approach would not be appropriate. However, it does commit to set criteria for place-level arrangements, and sets the requirement for a '*single person, accountable for the delivery of the shared plan and outcomes for the place*'.

'...part of the benefit of moving to the ICB was that we're able to delegate and work in a way that's best for the system. The more I'm reading the White Paper, the more I worry it's all prescribed again.'

Nicci Briggs, Leicester, Leicestershire and Rutland CCGs

The single accountable person is perhaps the most contentious issue in the White Paper, and it remains unclear exactly whom they would be accountable to, or whether this is for local determination. There is also the concern that an individual is held accountable for the decisions and actions of the non-statutory place as a whole, and how this might operate in practice. There remains a question around how they would interact with providers (or provider collaboratives) which will likely cover multiple places, and with contracts sitting at ICB level.

'I find it a little bit difficult to see how it would work, particularly in two tier areas, to have as a single person accountable, I think accountability of place... that is the better way to go.'

Terry Collier, Spelthorne Borough Council.

'...we've got 10 local authorities, 10 providers, but where does that relationship between locality and providers sit, when the contract sits at ICB level?'

Richard Paver, Greater Manchester ICB

The nature and level of delegation to place is likely to evolve over time, so the single accountable person may mean different things in different places and at different times – they may effectively find themselves operating between moving goalposts.

The CIPFA/IFAC International Framework defines governance as: '*...the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*'.[14] Thus, appropriate and proportionate arrangements depend not only on the particular circumstances of place and what functions/resources are delegated to it, but also what outcomes they are trying to achieve. Given the level of variation, a single one-size-fits-all set of criteria for governance and accountability at place level does not seem reasonable.

An alternative would be to consider the level of 'maturity' of each place, depending on their local circumstances. This would suggest a principles-based framework, setting out a minimum expectation for arrangements at differing levels, as systems and places evolve and develop over time. It would then be for the locality to determine the appropriate governance and accountability arrangements for their circumstances, and for others to assure themselves that these are sufficient.

Finance and integration

In recent years there has been much focus on the NHS financial regime, moving towards 'system finance' and population-based payment mechanisms.[15] However, there appears to be little consideration of how the differing financial frameworks in the NHS and local government interact.

Financial regimes, cultures and terminology differ between health and local government and the need to foster a shared understanding or 'common language' between partners is essential to the success of integration.[16] Some of the differences which create problems include differences in how services are funded, funding flows, planning cycles, reporting requirements and timing.

> …medium to long-term planning needs to be linked between local authorities and the NHS. And the timescales need to be the same, because you're never going to get alignment if you can't even align dates…
>
> **Nicci Briggs, Leicester, Leicestershire and Rutland CCGs**

A lack of long-term funding certainty for both the NHS and local government is a further concern, as it stifles the ability to conduct medium- to long-term financial planning. This is particularly true around ambitions with long-term horizons such as reducing health inequalities and greater investment in prevention.

> …as long as we're so short term in the way that finances are managed across the NHS, we're never going to be at a point where we can have those longer-term discussions.
>
> **Nicci Briggs, Leicester, Leicestershire and Rutland CCGs**

Pooling budgets

Delegating resources to place level can considerably increase the chance of improving outcomes, and so increase value for the place-based pound. However, pooling is merely a tool, and some of the complexities involved may disincentivise closer collaboration, particularly in times of financial pressures on both the NHS and social care. For example, in some areas where pooled budgets have been used for years, concerns are now being raised around the future financial implications of social care charging reform and the potential impact on risk sharing, thus stifling progress already made.

The White Paper states that pooled budgets should be used '*wherever possible…eventually covering much of funding for health and social care services at place level*'.[17]

> '…we have a massive habit…when we bring organisations together, of boiling the ocean…my biggest concern for this is we recreate CCGs, but at place level.
>
> **Nicci Briggs, Leicester, Leicestershire and Rutland CCGs**

A more targeted approach based on local priorities is likely to be appropriate. Where functions are delegated to place level, then resource should also be delegated. Focusing on particular priority pathways or cohorts (eg community care, mental health or learning disabilities) and using pooled/aligned budgets as a tool to address these specific issues may lead to improved outcomes, rather than pooling across the board - seemingly for the sake of it.

While there is considerable experience of local government and CCGs pooling budgets for commissioning, there is much less experience of pooling with NHS providers. A particular concern relates to the likely need for greater considerations around due diligence and the impact on the overall

financial position of the NHS Trust. This is likely to be further complicated by different arrangements for NHS Trusts and NHS Foundation Trusts.

> … there's a fairly well-established history on how you pool with a CCG partner, and ways through how you manage that…pooling with a provider trust is a very different kettle of fish.
>
> **Carol Culley, Manchester City Council**

While it is true that there are many issues which can be problematic, some of the complexities go beyond the issue of pooling budgets. Again, over time, systems have established workarounds, but this adds complexity and impedes progress. The commitment to review arrangements for pooling budgets and provide further guidance is welcome, but addressing the wider issues involved would be more helpful.

> '…there's a variety of solutions you can look at, but it isn't all about pooling. In our arrangement…which will bring together community health and social care, we backed away from a fully pooled budget. [Instead] we went for delegation of responsibilities and functions and an alignment of the resources beneath it. So, you've got the budget in one place and full visibility over it. But the level of due diligence required, and the complexities around risk share - made it too difficult a proposition to do a fully pooled budget at this stage.'
>
> **Carol Culley, Manchester City Council**

Joint financial frameworks

Financial frameworks determine how you use your financial resources to best achieve the intended outcomes. They should also provide a mechanism against which progress can be evaluated and measured, which in turn informs decisions on use of resource.

The ICB will have overall responsibility for the overall NHS system budget. Some functions and resources will be appropriately managed at system level, for example acute contracts. However, based on the principle of subsidiarity, others will be more sensibly deployed at place level.

Any delegation of function to place level needs to be underpinned by appropriate financial arrangements – a joint financial framework – reflecting where decisions are most appropriately made and enabling funding flows to best support delivery of shared outcomes. Within such a joint framework, several tools could be employed, including pooling, aligning or joint commissioning/provision arrangements. However, focusing on pooled budgets alone is unlikely to ensure that resources can move around the system to best effect.

> 'If we tried to do a place pool for everything that was within the remit of place, I think we'd fall over because your money alignment would be out of step with where your decision-making accountability is.'
>
> **Carol Culley, Manchester City Council**

The nature of such a joint financial framework should reflect the variation amongst systems and places, allowing for local determination and flexibility. Different types of service commissioning and/or provision may also lend themselves to different financial arrangements. ICBs and their places are likely to evolve over time, so the joint financial framework may have to become more sophisticated to reflect this evolution.

Such variation means that a one-size-fits-all approach would be unsuitable. However, taking a principles-based approach to developing a joint financial framework, could allow systems/places to adapt and evolve over time and formulate a framework appropriate to their circumstances.

As financial arrangements are fundamental to ensuring appropriate and proportionate accountability arrangements, it makes sense to align principles for joint financial arrangements alongside those for accountability. This would provide a single, principles-based framework setting out minimum expectations for financial and accountability arrangements appropriate at different stages, as places evolve over time.

Roundtable participants

CIPFA would like to thank the following people for their participation in the roundtable and ongoing support of our work in this area.

- **Bob Alexander**, Associate Director, CIPFA
- **Nicci Briggs**, Executive Director of Finance, Contracting and Governance, Leicester, Leicestershire and Rutland CCGs
- **Andrew Burns**, Associate Director, CIPFA
- **Terry Collier**, Deputy Chief Executive and Chief Finance Officer, Spelthorne Borough Council
- **Carol Culley**, Deputy Chief Executive and Chief Finance Officer, Manchester City Council
- **Richard Douglas**, Chair Designate, South East London ICB
- **Richard Paver**, Audit Committee Chair, Greater Manchester ICB

Endnotes

1 DHSC, Health and social care integration: joining up care for people, places and populations, February 2022

2 HM Government, Build Back Better: Our plan for health and social care , September 2021

3 DHSC, People at the heart of care: adult social care reform white paper, December 2021

4 DLUHC, Levelling up the United Kingdom, February 2022

5 Public Health England has been replaced by the UK Health Security Agency and the Office for Health Improvement and Disparities. A Health Promotion Taskforce has also been established at Cabinet level to move forward prevention agenda.

6 Priorities for 2022/23 set out in NHS England, 2022/23 priorities and operational planning guidance, December 2021 and DHSC, NHS Mandate 2022 to 2023, March 2022

7 NHS England, Delivery plan for tackling the COVID-19 backlog of elective care, February 2022

8 As detailed in DHSC, NHS Mandate 2022 to 2023, March 2022

9 As suggested in the white paper: DHSC, Health and social care integration: joining up care for people, places and populations, February 2022

10 At the time of writing there were 70 pieces of guidance on implementing legislative change published on the Future NHS platform alone (login required).

11 CIPFA, The practicalities of integration, 2018

12 NHS England, Integrating care: Next steps to building strong and effective integrated care systems across England, November 2020

13 DHSC, Health and social care integration: joining up care for people, places and populations, February 2022

14 CIPFA/IFAC, International framework: good governance in the public sector, 2014

15 NHS England, Management of NHS resources by integrated care boards, October 2021 and NHS England, Introduction to Population-based Payment, September 2021 [Accessed via Future NHS platform – login required]

16 CIPFA, in collaboration with HFMA, have advocated for this through work such as 'An introduction and glossary to NHS and local government finance and governance in England' and 'Guidance for CFOs working in health and local government.'

17 DHSC, People at the heart of care: adult social care reform white paper, December 2021

77 Mansell Street, London E1 8AN
+44 (0)20 7543 5600

cipfa.org

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