The Chartered Institute of
Public Finance & Accountancy

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House of Commons Health and Social Care Committee inquiry on Integrated Care Systems: autonomy and accountability
Response from the Chartered Institute of Public Finance and Accountancy

August 2022

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A new architecture for integration

The *Health and Care Act 2022* provides a legislative framework to support closer integration of health and care. It has put integrated care systems (ICSs) consisting of an integrated care board (ICB) and integrated care partnership (ICP), on a statutory basis. This dual structure is a new approach and intends to address concerns that an ICS would be unlikely to act effectively as both the body responsible for NHS finance and performance, and as the wider system partnership. However, questions remain regarding the precise relationship between the ICB and ICP, as well as the non-statutory place-based partnerships which sit below them - and how they will relate to each other in practice.

Rather than being an end point, the passage of the 2022 Act marks a new chapter in the integration journey – a new opportunity. Even before the Act had passed, the government published a further White Paper, *Health and social care integration: joining up care for people, places and populations* which stated the aim to go '*further and faster*' with integration. The White Paper poses many questions reflecting the challenges remaining at 'place' level. Many of these questions relate to outcomes, accountability and finance arrangements, all of which are key components of good public financial management. We plan to address these issues further in a forthcoming publication.

Integrating care – what and why

The term 'integration' has been used in relation to health and care for many years, yet still it seems to mean different things to different people and questions remain on exactly what it is seeking to achieve. Over time, there appears to have been a widening of the scope in integration policy, from closer integration within the NHS, and between the NHS and social care, to a much broader view encompassing the wider determinants of health and wellbeing to have a positive impact on population health management, with a focus on prevention and reducing health inequalities. This is reflected in the triple aim within the 2022 Act.

The renewed focus on integration presents a new opportunity for partners across the health and care sector to work differently, to break down barriers between services and take a whole systems approach to deliver seamless, joined up care and improve population health – but also to address the ever-increasing pressures of tightening resources, workforce shortages and increasing demand. A more strategic, long-term view focused on the social determinants of health and wellbeing, reducing inequalities and prevention would improve population health, but also help ensure that health and care services remain sustainable for future generations.

Population health and partners

The experience of the COVID-19 pandemic has brought the issue of health inequalities into sharp focus. However, evidence suggests that improvements in population health have been in decline for some time.[1] The causes of poor health and disease are influenced by more than just the healthcare system. Wider social determinants of health have been suggested to have a greater impact on health and wellbeing outcomes than health services themselves.[2]

However, when it comes to influencing the social determinants of health and wellbeing, the role the NHS can play is limited – it simply does not hold the required levers. Also, the health and wellbeing need of the population, and associated service pressures, are not homogeneous. Different areas have different needs

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[1] Evidence includes Institute of Health Equity, Health Inequality in England: The Marmot Review 10 Years on, 2020 and more recently CIVITAS, International Health Care Outcomes Index 2022.

[2] Evidence includes sources such as: World Health Organisation, *Social determinants of health* and Robert Wood Johnson Foundation, *Healthy Communities*.

based on their local circumstances – as clearly highlighted by the recent focus on health inequalities exacerbated by the pandemic.[3] It is essential that wider partners, who can understand and influence the health and wellbeing of the local population, are equally engaged in policy and planning and that a more joined up 'whole system' approach is taken.

The 2022 White Paper took a welcome emphasis on 'place' as the engine room for integration and recognised the key role of local government as equal partners, although it continues to refer to local government as a whole. Local government, at all levels, hold many of the levers which influence health and wellbeing. Councils have responsibilities, powers and, perhaps more importantly, experience, which are key to improving population health. Upper tier responsibilities such as social care and public health are clearly critical to integrating care. However, functions where lower tier councils play a role, such as housing, local environment, local economy, green spaces, leisure services and active travel are all important influencers of health and wellbeing.

To take a truly integrated approach to population health, systems need to understand and engage with the places and neighbourhoods they serve. In this regard, local government's knowledge, experience and democratic mandate is key to success. Although the 2022 Act provided the starting line of July 2022, over time partnership and place-level arrangements will continue to evolve and mature. It is at these levels of ICP and place that all tiers of local government will have vital roles to play.

Investing in prevention

In the current climate of increasing demand and tightening budgets, there is a growing consensus that a stronger case needs to be made for preventative interventions. The World Health Organisation recognised in 2014 that '*Prevention can be the most cost-effective way to maintain the health of the population in a sustainable manner'*. While few will argue that taking a greater focus on prevention is the right thing to do, in the face of scarce resources and immediate pressures, investing in such long-term initiatives is often seen as an easy tap to turn off.

In March 2022, the former Secretary of State (SoS) set out a vision for further health reform, in which he made the commitment to baseline, report on and assess the extent of investment in prevention. In 2019, CIPFA partnered with Public Health England (PHE) and sought to address exactly this issue in *Evaluating preventative investments in public health in England*. This proposed a framework to make the case for a shift to preventative approaches across local systems and:

- support better decision-making on the use of resources in a whole system, by evaluating the costs and benefits across different organisations
- bring longer-term costs and benefits to light, as these often lack visibility
- increase transparency and accountability for how resources are currently invested
- improve incentives to invest in prevention relative to acute interventions across local systems, including where costs and benefits fall on different agencies or sectors.

The ambition is to change the way that prevention is viewed. Rather than being seen as a way to generate savings, it should be considered as a true investment – yielding benefits across time and place. Such future

[3] Mishra V, *et a*l, Health Inequalities During COVID-19 and Their Effects on Morbidity and Mortality, Journal of Healthcare Leadership, January 2021 and The Health Foundation, Integrated care systems: what do they look like?, June 2022

benefits may manifest in terms of avoiding financial costs (eg on acute care), reducing demand in the system, improving financial sustainability or achieving greater health benefits from existing resources.

The renewed focus on integration presents the opportunity for systems and their places to take a wider, long-term view and be more focused on prevention. Rather than treating illness when it arrives, an increased focus on upstream initiatives to prevent illness, improve health and wellbeing and enable people to lead healthier independent lives could help to improve outcomes for the population. This focus would also support making health and care services sustainable into the future and provide best value for the public pound in place.

Short-term fixes vs long-term commitment

Achieving the vision for integration of having a positive impact on population health and wellbeing and reducing health inequalities with a focus on prevention will necessitate commitment and investment over the long-term, which to date has been lacking, and which is not always completely compatible with either the funding and finance regimes, nor the length of the political cycle.

There are many long-term policy visions presented, which are seldom backed by certainty of funding over the same timescales. Whilst detailed spending plans may not always be feasible, there must be a reasonable amount of certainty over funding to enable medium to long-term financial planning for these visions to be delivered.

In their evidence to the Health and Care Select Committee's inquiry on the integration White Paper, the NAO recognised that risks to finanical sustainability would be a cause of tension for integration.[4] As ICBs come into being and the 'rubber hits the road' in a climate of tightening finances, demand, workforce and inflation pressures, as well as proposals for wider reforms across the sector, there are already concerns being raised. Such concerns from both the NHS and local government could distract from and perhaps even disincentivise closer collaboration. For example, in areas where close collaboration and pooled budget arrangements have been established for years, we are hearing of NHS partners backing away from these arrangements, citing risks associated with the potential financial implications of social care charging reform as being too great.

It has long been the case that a lack of medium to long-term funding certainty, scarce resources, existing pressures and a tendency to focus on political priorities mean that the emphasis is on finding short term fixes for immediate problems - and it is understandable that in the current climate this is amplified. However, while long-term investments may be perceived as easier to defer in the face of immediate pressures, such disinvestment has an associated opportunity cost – both in terms of finance and impact on services.

There is a clear disconnect between immediate pressures and the longer-term investment required to focus on prevention and population health. Continuing on this trajectory will necessitate the need for short-term fixes into the future if we do not invest now to manage demand and relieve future pressures. 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.

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[4] House of Commons, Health and Social Care Select Committee inquiry on the Government's White Paper proposals for the reform of Health and Social Care, HSC0982 - Submission from National Audit Office, April 2021

Variation in integration

Given the way in which ICSs have evolved at different rates and in different forms, it is unsurprising that not all ICSs are equal – there is considerable variation between systems, and even between places within a single ICS. This variation arises from a number of factors:

- Geography – the size and nature (urban or rural) of the areas covered.
- Demography – population size, level of deprivation and level/nature of health and wellbeing needs of the population. This will also impact on the level of resources available to the ICS.
- Partners – the partner organisations involved and the extent of co-terminosity between them.
- Maturity – the nature of relationships, history of collaboration and progress made on integrated approaches.

All of these factors will therefore play into the nature of the system and its places, as well as the extent to which functions (and resources) are delegated. The 'maturity' of a place may not be the only factor involved in making a decision on delegation of functions. For example, in some places co-terminosity of partners may make it easy to delegate functions to place level, where in others the remaining statutory structures may make it problematic.

Such variation is unsurprising – and in fact necessary given the multitude of local factors involved. However, it does complicate matters as it means that the trajectory of development for systems and places will differ based on their circumstances – their evolution is unlikely to be linear. As a result, the legislation is intended to be permissive and much of the language in policy and guidance is quite 'loose' in an attempt to cover all eventualities. Whilst this is understandable, it can lack clarity.

In contrast, any attempt at being too prescriptive or taking a 'one-size-fits-all' approach to arrangements for systems and/or places would not be appropriate, and not in keeping with the concept of subsidiarity. However, some degree of commonality or comparability is desirable.

In *Integrating Care: putting the principles in place*, CIPFA suggested that taking a principles-based approach would be more appropriate. This would recognise and accept the significant diversity between systems and their places and could also be phased and adapted over time as systems/places evolve differently according to their circumstances.

Outcomes for integration

Both the NHS and local government are facing enormous challenges – existing pressures and recovery from the pandemic sit amongst wider policy reforms, political and economic pressures. Such competing priorities can distract from and add tensions to the integration agenda.

The 2022 White Paper commits to develop a focused set of national outcomes alongside an approach for prioritising shared outcomes at local level. As set out in *Delivering outcomes in the public sector* CIPFA believes that a focus on outcomes in partnership working can highlight the dependencies between services and organisations, and so help to foster a shared vision, common purpose, and improve understanding between the partners. The benefits of taking an outcomes-based approach include:

- Improved understanding of the impact of services on people's lives
- Enhanced service design
- A more holistic view of the range of benefits of services/programmes which support and link together
- Evidence to support service improvements
- Improved accountability
- Stronger support from stakeholders based on increased service value.

One potential barrier is how resources are allocated and how accountability operates – particularly when multiple organisations are involved. However, creating a link between resource allocation and the required outcomes provides a better focus across partners on achieving their shared goals and establishing value for money. The outcomes and use of resources can then aid in determining the appropriate and proportionate governance and accountability arrangements.

There is currently some confusion regarding priorities for integration. There are the core purposes for ICSs, the triple aim, priorities set for the NHS via the mandate, operational and planning guidance and the long-term plan, separate frameworks for public health and social care, and a range of policy priorities and reforms on the table across the wider sector. There is also a lack of clarity on proposals for evaluating progress and performance of ICSs moving forward with commitments made to a range of potential mechanisms including a revised NHS oversight framework and a new duty on the Care Quality Commission to assess ICSs.

A national outcomes framework which brings together and clarifies the overarching aims for health and social care and provides a mechanism for evaluating progress would be a helpful way to navigate these wider policy objectives. However, care needs to be taken that it does not add a further 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 across national policy and the related outcomes to be achieved through integration.

There are lessons which can be learned from elsewhere which demonstrate how national frameworks have been developed to provide overarching goals for public sector bodies, which can then be adapted to reflect local priorities. For example, the National Performance Framework in Scotland, Future Generations Framework in Wales and the Living Standards Framework which underpins the New Zealand Treasury's Wellbeing Budget.

Given the extent of variation between integrated care systems and their places, the national outcomes must be broad enough to enable all systems/places to contribute to their achievement in a manner appropriate to their local circumstances. It should allow for more detailed, tailored frameworks to be developed in each ICS, reflecting the local priorities highlighted in ICP strategies, which can then be further translated down to place level. The emphasis should be on evidence-based local priorities reflecting national, rather than national prescription stifling local need and innovation.

As funding flows for integration are expected to work at system level, outcome indicators should be set at the same level to inform decision-making on resource allocation. Where functions are delegated from systems to place-based partnerships, then this level may be more appropriate for some indicators/outcomes, but these should be able to be built up to system level to provide a more holistic and strategic view.

An outcomes-based approach to integrating health and care requires long-term political and financial commitment. At its heart must sit realistic expectations of what can reasonably be achieved within the timescale and available resources. Good public financial management requires making evidence-based decisions on the allocation of public funds to achieve the required outcomes, and the ability to track and evaluate progress and ensure value for money is being achieved.