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on the day BRIEFING

NHS Providers

The government's response to the Health and Social Care Committee inquiry and Hewitt Review into integrated care systems (ICSs)

Introduction

The government has set out its response to the recommendations put forward by the Health and Social Care Select Committee's (HSCC) inquiry on 'Integrated care systems: autonomy and accountability' published in March 2023, and the Rt Hon Patricia Hewitt's independent review of ICSs, published in April 2023.

The chancellor, the Rt Hon Jeremy Hunt, commissioned the Hewitt Review in November 2022. The review was conducted with significant engagement with leaders from across health and social care and we had a welcome and constructive relationship with the review team on behalf of our members. Members' views were sought throughout and we are grateful to all who contributed their perspectives either through NHS Providers or directly to the review team.

The government's response has been presented to Parliament by the secretary of state for health and social care, the Rt Hon Steve Barclay.

You can read our briefing on the Hewitt Review here.

Key points

- The government's overall response is grounded in existing legislation, and existing policy work relevant to ICSs, such as the NHS England operating framework and the Care Quality Commission (CQC)'s single assessment framework.
- The government accepts the need to focus on a smaller number of national priorities, as seen in the 2023/24 planning guidance and which will be reflected in the forthcoming NHS mandate.
- A leadership development 'roadmap' is being created by a senior advisory group made up of staff from across health and care and other sectors.
- Hewitt's proposed approach to the CQC's assessment and rating of ICSs is supported by the Department of Health and Social Care (DHSC). The department will consider the best approach to delivering this, building on work underway by the CQC.

- DHSC supports the intent of Hewitt's proposals to create High Accountability and Responsibility Partnerships (HARPs), giving greater autonomy for more mature ICSs. However it does not commit to implementing these, mindful that ICSs are still "in their infancy".
- DHSC's response acknowledges the importance of recurrent or multi-year funding streams. It commits to building on existing work to reduce the prevalence of in-year funding, particularly for small amounts of money and where there are potentially onerous reporting requirements for systems.
- The government acknowledges the desire to move away from ringfenced budgets, but also highlights their importance in some instances, for example for mental health investment.
- DHSC rejects suggestions to reconsider the 10% cut to the running cost allowance for 2025-26, pointing to NHS England's plans to focus funding on the frontline.
- The government's response recognises the need to further review the existing capital system, particularly for primary care, private finance, and the management of the NHS estate. Further steps will be set out in due course.
- DHSC's response to recommendations on data and digital do not contain new announcements of funding to support improvements, but they do support the intent of Hewitt's recommendations around interoperability, data standards, and stated commitments for digital investment in partner organisations including social care.

Introduction

The government recognises the overlapping themes and linked recommendations in the HSCC report and Hewitt review, including ICS oversight, national targets, and the role of the Care Quality Commission (CQC). It reiterates its commitment to the development and success of ICSs, supporting them through setting clear priorities, providing support and addressing barriers to progress and joint working. It also addresses the need for activity to take place at the most appropriate level of geography, whether strategically at system, or operationally at place.

Theme 1: targets and priorities for ICSs

Both HSCC and Hewitt recommended a renewed focus on a smaller number of targets set by DHSC and NHS England (NHSE), with Hewitt calling for the NHS mandate to contain no more than ten national priorities, and locally co-developed targets to be given equal weighting to those nationally set.

DHSC recognises the importance of outcomes-based targets in driving improvements, along with other measures as necessary to demonstrate progress or address key issues of concern. The forthcoming NHS mandate will focus on a smaller number of national objectives, while the Health and Care Act 2022 sets out the framework in which systems are able to set their own priority areas.

Theme 2: autonomy, leadership, and support for ICSs

Both HSCC and Hewitt recommended the introduction of an ICS leadership development offer, with Hewitt specifically recommending that NHSE work closely with the Local Government Association (LGA), NHS Providers and the NHS Confederation to deliver this. DHSC accepts that a national leadership programme would have value but extends this to include leaders in social care and 'wider sectors' as well as health. DHSC notes that a senior advisory group with health, local government and voluntary sector representation has already been brought together to help develop a three-year roadmap of leadership and management support and development, which will also align with their response to the review led by General Sir Gordon Messenger, Leadership for a collaborative and inclusive future.

DHSC refers back to NHSE's operating framework and oversight framework in response to several recommendations from Hewitt under this theme, including that provider support and intervention should be exercised 'with and through' ICBs.

The government has said it will give further consideration to Hewitt's recommendation of developing a national peer review offer for systems. DHSC say this should be part of NHSE's wider improvement offer, to be developed with partners in the NHS.

Theme 3: ICS governance, accountability, and oversight

HSCC recommended that MPs be empowered to hold local ICSs to account using performance measures specified by the secretary of state. DHSC reiterates that the Office for Local Government (Oflog) will provide data to support this, and points to data that is already publicly available such as CQC and NHSE assessments and segmentation.

HSCC had expressed concerns about whether the mandated board membership of ICBs was sufficient, and whether any specialities were underrepresented on ICBs. It recommended DHSC review ICB membership and report on whether any further mandating was required. DHSC notes that ICBs

publish information about their board members and ICBs are free to go beyond their minimum membership requirements, for example appointing members for public health.

HSCC made two recommendations around monitoring of, and resolving issues around, poor partnership working in ICSs. DHSC notes that effectiveness in partnership working will be assessed by the CQC through its new role undertaking ICS assessments, and reiterates NHSE's commitment to subsidiarity when resolving partnership problems.

Hewitt proposed the establishment of High Accountability and Responsibility Partnerships (HARPs) - under these arrangements ICSs which demonstrate sustained performance improvement and effective financial management would be given less central oversight and some additional freedoms. Hewitt also recommended that NHSE should work with ICB leaders to agree a pathway to ICB maturity. DHSC supports the intention behind the HARPs recommendation – but notes that ICSs are still "in their infancy", and only commits to further work as ICSs mature to understand how this might be implemented in practice.

Finally in this section, DHSC responds to Hewitt's recommendation that the burden of approvals for ICB, FT and trust salaries be reviewed and reduced. DHSC points to work it is doing with NHSE on the development of a new very senior manager (VSM) pay framework. Trusts and ICBs will be able to use the framework to ensure pay is compliant, and note that internal processes for official clearances have also been streamlined to improve approval times.

Theme 4: assessments and reviews of ICSs

HSCC and Hewitt both made recommendations about what CQC's reviews of ICSs should measure, how they can be meaningful, and the importance of NHSE and the CQC having complimentary and non-duplicative assessments and approaches to improvement.

DHSC supports Hewitt's approach (paragraphs 3.117-8) to the CQC's ICS ratings: providing clear and transparent ratings on the quality of services; assessing the maturity and effectiveness of each ICS; avoiding single word assessments of ICSs, and drawing on existing data and insight. They note that CQC is already developing a single assessment framework, which will apply to providers, local authorities and ICSs.

Theme 5: prevention and promoting health

Both HSCC and Hewitt set out specific recommendations for the government to increase its focus on prevention and promoting healthier lives. In response, DHSC reaffirmed the priorities set out in the NHS Long Term Plan, and said system plans should include take a "life course" approach to reducing health inequalities.

In response to HSCC's call for an update on whether NHS England would undertake a refresh of the Long Term Plan, DHSC highlights that the government is building on the commitments in the plan through the Delivery plan for tackling the COVID-19 backlog of elective care, Delivery plan for recovering urgent and emergency care services, Delivery plan for recovering access to primary care, as well as the soon to be published Long Term Workforce Plan and its ongoing development of a major conditions strategy. NHS Providers will be submitting a response to the major conditions strategy consultation and will continue to work closely with members and DHSC to review the strategy as it develops.

DHSC has rejected HSCC's recommendation that ICBs include a public health representative. It has also rejected Hewitt's call for a 1% increase in the share of NHS budgets at ICS level going towards prevention over five years, which describes as "arbitrary". Instead it commits to support investment in prevention by working alongside NHS England, ICSs, local government partners and NICE to develop practical information and evidence to support local decision making.

Theme 6: finance and funding

DHSC's response acknowledges the importance of recurrent or multi-year funding streams. **It commits to building on existing work to reduce the prevalence of in-year funding, particularly where there are potentially onerous reporting requirements for systems.** It also references that ICSs, with greater freedom and autonomy to deploy resources locally, should seek to limit the use of in-year funding pots.

DHSC agrees with the need for flexibility to determine allocations for services and payment mechanisms within system boundaries. However, it maintains that there are significant opportunities for this within the existing system, including the NHS Payment Scheme. T**he response pushes back on recommendations to move away from ringfenced budgets, highlighting their importance in some instances, and particularly for mental health investment.**

As recommended in the Hewitt review, **DHSC has committed to keeping a formal review of the funding and commissioning arrangements for Healthwatch under consideration.**

DHSC rejects suggestions to reconsider the 10% cut to the running cost allowance for 2025-26, pointing to NHS England's plans to focus funding on the frontline.

DHSC accepts the Hewitt review's recommendation to establish a working group, including NHSE, system partners and local authorities, and the Chartered Institute of Public Finance and Accountancy, to support the development of a more consistent method of financial reporting across local government and the NHS. It also commits to doing 'as much as possible' to align budget and grant allocations for local government, including through publishing indicative allocations of the public health grant for 2024 to 2025.

Regarding the pooling of budgets between health and social care through section 75 agreements, the response reiterates previous commitments, including in 2022's integration white paper, and highlights a DHSC review into the potential to expand the services that can be included.

DHSC acknowledges the need for a review of the NHS capital regime focusing on areas that were not covered in detail by the 2021 King's Fund review. It will set out next steps in due course around setting an overall strategic direction for NHS capital, considering how it operates for primary care and clarifying the position on new private finance.

Response to additional Hewitt review recommendations

In addition to the overlapping themes outlined above, DHSC has also responded to the recommendations Hewitt made covering primary care, social care workforce, and data and digital.

Data and digital

Hewitt recommended that NHSE, DHSC and ICSs work together to develop minimum data sharing standards for all ICSs to improve interoperability and data sharing. The review also made a number of specific recommendations seeking to ensure national level and system partners all have access to the same automated, accurate and high-quality data for both improvement and accountability. DHSC supports the spirit of these recommendations and says headway is already being made,

Primary care

Hewitt recommended that NHSE and DHSC convene a national partnership to develop a new GP contractual framework. In response, **DHSC and NHSE will engage stakeholders over 2023/34 to build on the recommendations set out in the Fuller Stocktake and the development of the GP contract.**

Social care workforce

Hewitt recommended the government produce a social care workforce plan to complement the NHS workforce plan, and to resolve issues around the recruitment of specialist staff through agenda for change (AfC) contracts. In response, the government has reaffirmed the role of local authorities and ICSs in developing workforce plans, and has encouraged trusts to use available flexibilities in the AfC framework.

NHS Providers view

We welcome the government's commitment to the continued development and success of ICSs, and the recognition that decisions should be made at the most appropriate level, whether by provider, at place or across a system.

In its response the government has sought to focus on driving the improvement and development of systems through existing work, such as NHSE's operating framework, and its improvement offer. This provides some clarity, and we hope the NHS at all levels will commit to the cultural shift necessary to bring this about.

Like Hewitt, DHSC recognises the counter-productive impact of numerous and unfocused national targets, ad hoc and duplicative data requests and invasive oversight. We welcome and support the shift towards more streamlined priority setting from the centre. The forthcoming NHS mandate needs to give an appropriate focus on national priorities while leaving space for systems to continue to deliver against locally agreed strategies. We will be keen to ensure these fewer targets retain, and in some cases strengthen, a focus on community services and mental health. This is especially important when the NHS is under extreme pressure, as at present: balancing the delivery of national level priorities against local ambitions will continue to remain challenging.

DHSC supports Hewitt's proposed approach to the CQC's assessment and rating of ICSs. We agree, as it will allow for greater nuance and understanding of system performance.

We agree with DHSC that ICSs are new, and are still maturing. We therefore agree with the government that care and time must be taken in identifying potential HARP systems and giving them additional freedoms.

Our view remains that there are inherent tensions in asking ICBs to be both system overseers and equal partners in ICSs which current guidance does not satisfactorily address, and which have not been resolved in these reviews.

We agree with DHSC and Hewitt about the importance of prevention as a core purpose of ICSs. Successful prevention is a prerequisite to improvement in the NHS and successful ICSs. We look forward to working closely with them on this, for example in the major conditions strategy – and encourage the government to take a broad cross-Whitehall view of where there are opportunities to prevent ill-health, mirroring the local collaboration that ICSs have been established to promote.

We welcome the government's recognition of the importance of multi-year or recurrent funding, and its commitment to reducing the use of short-term, in-year funding pots, which will support trust and system leaders to plan more effectively.

We strongly welcome the proposals for a review of the NHS capital regime, and agree with the focus on the strategic direction for NHS capital and clarity on using alternative funding mechanisms. We are keen to continue to work with DHSC on their work in this area, including their review of section 75 agreements.

Press statement

On the government's responses to a report by MPs and to the Hewitt Review on integrated care systems (ICSs), Sir Julian Hartley, chief executive of NHS Providers, said:

"Ministers' commitment to the continued development and success of ICSs is welcome, as is their recognition that decisions about who is best placed to deliver services and how should usually be made locally.

"The role that providers have to play whether within systems, in place-based partnerships or as provider collaboratives will be key to delivering on the promises this way of working offers.

"A focus on driving improvement and development of systems through existing work such as the NHS England operating framework provides helpful clarity. We hope that the NHS at every level will commit to the cultural shift necessary to bring this about.

"We agree with Hewitt and the government about the importance of preventing poor health as a core purpose of ICSs. Beter public health is vital to improving the NHS and to successful ICSs. We urge ministers to take a cross-government approach to opportunities to prevent ill-health.

"We hope that the government will be able to follow through on long-term, forward looking funding, which will help trust and system leaders to plan more effectively.

"Balancing delivery of clear national priorities for the NHS with local ambitions for patients remains challenging in the face of continued pressure and record demand for services. The forthcoming NHS mandate should ensure that all parts of the NHS, including mental health and community services, are given appropriate attention.

"We welcome government acknowledgement that a further review of the capital and finance regime is needed. We are keen to work with the government on more joined up local care and outcomes including the use of pooled budgets."