

**Cyfarwyddwr Cyffredinol Iechyd a Gwasanaethau Cymdeithasol/  
Prif Weithredwr GIG Cymru  
Grŵp Iechyd a Gwasanaethau Cymdeithasol**

**Director General Health and Social Services/  
NHS Wales Chief Executive  
Health and Social Services Group**



**Llywodraeth Cymru  
Welsh Government**

Adrian Crompton  
Auditor General for Wales  
Via email to [clare.fellows@audit.wales](mailto:clare.fellows@audit.wales)

Our Ref: AG/MJ/SB

2 September 2019

Dear Adrian,

### **WAO report about the Integrated Care Fund**

Further to the publication of the Wales Audit Office report on the Integrated Care Fund (ICF), I am writing to set out the Welsh Government's approach to responding to the recommendations made in the report.

I am pleased that the report recognises that in many areas progress on the recommendations is already well advanced. The early dialogue between our teams was useful in identifying issues which were then reflected in the most recent set of ICF guidance published earlier this year.

I was also pleased to see the positive messages in the report about the change that the ICF is driving. The WAO's own fieldwork showed that circa 80 per cent of Regional Partnership Board (RPB) members and project leads either agreed or strongly agreed that the ICF is helping to drive integrated working between key partners.

This echoes the work of the independent and expert panel that undertook the Parliamentary Review of Health and Social Care in 2017-18. Their final report, which was welcomed across the Senedd, recommended that new seamless models of health and social care should be developed to respond to population need, and placed RPBs in a key leadership role. In turn the Welsh Government has invested significant extra resource through RPBs in both the ICF and the new Transformation Fund which work in tandem. This approach is fundamental to the success of *A Healthier Wales – our plan for health and social care*. The learning from your report is therefore important, and we will respond purposefully to the recommendations made in it.



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## **Recommendation R1: Timeliness of guidance and decision-making**

Accept. Enabling RPBs to manage funds strategically is vital. We agree that the timely publication of guidance is important. I note the recognition that improvements have been made in 2019 in relation to the timeliness of issuing guidance, and that Welsh Government has ensured that decisions are communicated much more clearly and swiftly in the most recent process.

Alongside expediting the guidance, officials will continue the practice, in the months running up to the publication of the guidance, of keeping RPBs informed of any adjustments that may be considered.

The publication of guidance exists in the context of a 2016 Ministerial commitment in *Taking Wales Forward* to retain the ICF up to 2021. The financial allocation itself is notified to the health boards, which hold the revenue fund for each partnership, each December, four months prior to the start of the financial year. However, the ability of Welsh Government to take a truly long term view of funding allocations is limited by the UK Government's annualised budgetary approach over a number of years.

Notwithstanding this broader context, we acknowledge the strong feeling from RPBs that early clarity is important, and we will ensure that communication channels are fully open in the run up to 2020-21 (which for the revenue fund the allocation has already been made as part of a 2-year allocation from 2019-20).

Your report also refers to the changes to the scope of the fund. It is important to note here that the scope of the fund is closely matched to key areas of the Social Services and Well-being (Wales) Act which partners should already be focusing on. Where objectives have been added though the lifetime of the ICF that has been accompanied by additional funding. In signalling priorities for the fund, Welsh Government has not been overly prescriptive in how much funding should be allocated in relation to each population group. Ring-fencing is minimal and criteria are quite broad. Noting the further finding that Welsh Government should be in a position to better identify national-level outcomes, there are advantages and disadvantages to a flexible approach to allocations. To date preference has been given for RPBs' discretion to respond to local population needs within a national policy framework.

## **Recommendation R2: Multiple short-term funds available for health, social care and housing**

Accept. Welsh Government made a commitment in *A Healthier Wales* to align the discretionary funds that support health and social care. That work is advancing within government. Thank you for the suggestions made in the report about the criteria we should use to guide future arrangements. I will ensure they are fully considered by the officials leading that work.

In the context of Ministerial commitments for a 2-year Transformation Fund and an ICF to 2021, clearly there is a need to balance your recommendations R1 and R2. We need to avoid creating short-term uncertainty by giving the impression of immediate changes, whilst considering the medium- to long-term optimal structure of discretionary funds. We will work now with decision makers to ensure they understand better how the current arrangement of funds fits together. Our project management arrangements, which I will touch on below, are helpful in that regard.

We also need to put the ICF in context. The ICF and Transformation fund taken together represent circa 2 per cent of the funds spent through government on health and social care in each year. The 98 per cent is allocated to health boards and local government directly and it is unhypothecated and provides local options for considering the use of funds aside from any central funds. In the context of the Parliamentary Review, which called for a 'revolution from within', it is important that Ministers have sufficiently powerful mechanisms to drive new models of care and influence the way services are provided. The ICF is one of those mechanisms.

### **Recommendation R3: Project Board arrangements**

Accept. I note your recommendations about our governance within Welsh Government of the ICF. The revenue element of the ICF is of course a fund rather than a grant, and it is important the wider stakeholders understand Welsh Government does not approve each region's revenue programme, although officials do provide feedback to regions on plans and review performance information in order to assure Ministers about the effectiveness of expenditure.

One of the strengths of the current board, which is chaired by a senior civil servant, is that its membership includes all the lead officials for each of the discretionary funds and relevant policy areas that operate for health and social care (for example the Transformation Fund and Primary Care Fund). We accept that these arrangements can be improved upon by inviting constructive independent challenge. I will ensure that is put into place.

The ICF capital programme is a grant and is therefore dealt with as such. An overview of the ICF capital programme is presented to the ICF Project Board, but there is a separate Welsh Government scrutiny and approval process due to the differing nature of capital investment in regional ICF projects. However, I would reinforce that this process also works closely with other related capital investment programmes and associated policy teams.

### **Recommendation R4: Regional Partnership Board scrutiny arrangements**

Accept. Each RPB has a signed written agreement which sets out their local ICF governance arrangements. Following Welsh Government action, these were reviewed in 2018 and updated written agreements were submitted to Welsh Government. This report was shared with and discussed at the ICF Project board meeting in February 2019.

Arrangements for sovereign body scrutiny and approval are agreed locally so do vary. Whilst RPB and ICF activity is reported through to some sovereign bodies we recognise the need to work closely with RPBs, health boards and local authorities to ensure this is developed more consistently and routinely across Wales.

Notwithstanding these actions, there is widespread agreement that purposeful partnership working is essential if progress is to be made towards a seamless system of health and social care. Ministers, taking a view supported by the Parliamentary Review and many others, have not pursued a major structural reform of organisations. In avoiding this major disruption, progressive voices from within health and social care recognise the need to pool together in order to take the system forward.

## **Recommendation R5: Project monitoring**

Accept. Welsh Government is commissioning an evaluation of the ICF which we deferred until the WAO's own enquiries were complete. This will provide a programme-level assessment of the fund which, notwithstanding the information available on a project-by-project basis, we acknowledge needs to be aggregated.

Identifying the impact of the ICF should be placed in the context of the current NHS Performance Framework and Social Services Outcomes Framework. In *A Healthier Wales* Welsh Government committed to develop an integrated measurement framework based around the four points of the 'quadruple aim'. Within this framework shared performance measures, jointly owned by health and social care leaders, will be a key element of that approach.

Your report reflects the changes Welsh Government has made to collecting project-level performance data, seeking to take a proportionate approach ensuring that the information collected is used for Ministerial oversight. Moving forwards we are developing a consistent approach to measuring impact across both the ICF and the Transformation Fund, with Results Based Accountability and theory of change methodologies being used as the key measurement tools/processes. Training is due to be provided to RPBs from this autumn to support effective use of these tools.

## **Recommendation R6: Shared learning and mainstreaming projects**

Accept. Learning is at the heart of what the ICF is seeking to achieve. When the fund was established it was in part based on a stakeholder view that some 'pump priming' was required to develop new approaches to responding to need, with a particular emphasis on prevention and early intervention. The ICF learning events have been successful, and the Minister for Health and Social Services will draw RPB leaders together this winter for further reflection on what is working and what needs to be done next. In parallel officials have facilitated an ICF Leads network which is now meeting quarterly, and has already provided an effective forum for regional leads to gain peer support and share learning.

The extent to which projects can be mainstreamed has not been assisted by the austerity environment which has prevailed during the lifetime of the fund so far, and the extent of which was not foreseen at its outset. It is also the case that the progression from an idea through to implementation and testing are steps on the way to mainstreaming that necessarily take more than one annual cycle. However, Welsh Government's view is there are projects within the ICF portfolio that have clearly proved their worth, and we are pursuing discussion with the NHS and local government partners about next steps.

Yours sincerely



**Dr Andrew Goodall CBE**

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