



National Audit Office

Report

by the Comptroller
and Auditor General

**Department of Health, Department for Communities and
Local Government and NHS England**

Health and social care integration

Key facts

£5.3bn

total pooled budget
in the first year of the
Better Care Fund

£511m

Departments' and
partners' estimated
savings from the first
year of the Better
Care Fund

2020

target date for integrated
health and social care
services across England

- 87,000** actual increase in emergency admissions to hospitals between 2014-15 and 2015-16, against a planned reduction of 106,000, as reported in Better Care Fund metrics
- 185,000** actual increase in delayed transfers of care between 2014-15 and 2015-16, against a planned reduction of 293,000, as reported in Better Care Fund metrics
- 628** permanent admissions of older people (aged 65 and over) to residential and nursing care homes per 100,000 population in 2015-16, exceeding the target of 659 per 100,000
- 82.7%** of older people who were still at home 91 days after discharge from hospital receiving reablement or rehabilitation services in 2015-16, exceeding the target of 81.9%
- £900 million** NHS England's expectations of savings from the roll-out of new care models by 2020
- 90%** proportion of local areas that agreed or strongly agreed that the delivery of the Better Care Fund plans had a positive impact on integration locally
- £2.1 billion** NHS Sustainability and Transformation Fund for 2016-17, of which £1.8 billion was allocated to covering NHS deficits rather than transformation

Summary

1 Integration is about placing patients at the centre of the design and delivery of care with the aim of improving patient outcomes, satisfaction and value for money. Rising demand for care services, combined with restricted or reduced funding, is putting pressure on the capacity of both local health and social care systems. The Department of Health, the Department for Communities and Local Government (the Departments) and NHS England are trying to meet the pressures on the systems. They are doing this through a range of ways intended to transform the delivery of care, one of which is to integrate health and social care services at the local level.

2 Integration aims to overcome organisational, professional, legal and regulatory boundaries within the health and social care sectors, to ensure that patients receive the most cost-effective care, when and where they need it. Some barriers to integrated care are substantial. England has legally distinct health and social care systems. The NHS is free at the point of use, while local authorities typically only pay for individual packages of care for adults assessed as having high needs and limited means. Both systems are in turn made up of a complex range of organisations, professionals and services.

3 The Department of Health is responsible for health and adult social care policy in England. The Department for Communities and Local Government has responsibility for the local government finance and accountability system. NHS England is responsible for supporting clinical commissioning groups and for the commissioning of NHS services overall. The two Departments and NHS England are trying to address funding and demand pressures by supporting local authorities and NHS bodies to integrate services.

4 The Departments and NHS England do not prescribe how organisations in a local area should integrate services. Local areas can choose to integrate services in a broad range of ways and how they do so depends on the needs of the local population, and on existing care services and structures. Integration is not about organisations merging and can cover a range of types of cooperation. For example:

- at patient level, local areas can introduce joint assessments of a patient's care needs across more than one service and involving more than one care professional;
- at service level, local areas can bring together several services into one place for people with a single condition, such as diabetes; and
- at organisational level, local areas can pool budgets or jointly commission services.

5 The Departments and NHS England have made a number of commitments concerning integration.

- The 2010 Spending Review announced the transfer of £2.7 billion from the NHS to local authorities over the four years to 2014-15, to promote better joined-up working.
- The 2013 Spending Review announced that, in 2015-16, the Departments, NHS England and the Local Government Association would create the Better Care Fund. The Fund requires local health bodies and local authorities to pool existing funding and produce joint plans for integrating services and reducing pressure on hospitals. In 2015-16, the Fund's minimum pooling requirement was £3.8 billion. This comprised a pre-existing transfer of £1.1 billion from the NHS to social care, an additional transfer to the pooled budgets of £1.9 billion from the NHS, and £0.8 billion of other health and care funding streams. Some local areas chose to pool more than the minimum requirements, resulting in a total pooled Fund of £5.3 billion.
- In 2013, the Department of Health launched the five-year Integrated Care and Support Pioneers Programme to support its commitment for "urgent and sustained action" to make joined-up and coordinated health and care the norm by 2018.
- In 2014, NHS England published its *Five Year Forward View*, setting out how it aims to achieve a financially sustainable health and care system by 2020 including through integration.
- The government reiterated its commitment to joining up health and social care in the Spending Review and Autumn Statement 2015. It stated that locally led transformation of health and social care delivery has the potential to improve services for patients and unlock efficiencies. It delayed until 2020 its target date for health and social care to be integrated across England, with local areas required to produce a plan by April 2017 for how they would achieve this.

Scope of our report

6 We looked at how integration is progressing within and between the separate adult social care and health systems and the extent to which it has benefitted patients. We examined:

- the case for integrating health and social care (Part One);
- the progress of national initiatives, including the first year of implementation of the Better Care Fund (Part Two); and
- the plans for increased integration (Part Three).

7 Our report focuses on services providing direct care to patients and does not cover other public services that affect people's wellbeing, such as housing and leisure services.

Key findings

The Departments' case for integrating health and social care

8 Rising demand for services, combined with restricted or reduced funding, is putting pressure on local health and social care systems. Between 2011-12 and 2015-16, spending by NHS trusts and NHS foundation trusts increased by 11%, while local authority spending on adult social care has reduced by 10% since 2009-10. However, the number of people aged 65 and over in England is increasing at more than twice the rate of increase of the population as a whole. This number is projected to increase by 21% between 2015 and 2025. Key measures of the performance of health and social care sectors are worsening. For example, between November 2014 and November 2016, delays in discharging patients from hospital increased by 37%. The two main reported reasons for this increase were patients waiting for a care package in their own home and patients waiting for a nursing home placement. These trends indicate that an ageing population is putting pressure on hospitals and social services (paragraphs 1.5 and 1.6).

9 Nearly 20 years of initiatives to join up health and social care by successive governments has not led to system-wide integrated services. Since the Health Act 1999 allowed local authorities and the NHS to pool budgets and merge care services, the Departments have supported local bodies to collaborate and trial various approaches to integrating care. However, shifts in policy emphasis and reorganisations which promote competition within the NHS, such as the move from primary care trusts to clinical commissioning groups in 2013 and the Health and Social Care Act 2012 have complicated the path to integration (paragraphs 1.10 to 1.12).

10 The Departments have not yet established a robust evidence base to show that integration leads to better outcomes for patients. The Departments have not tested integration at scale and are unable to show whether any success is both sustainable and attributable to integration. International examples of successful integration provide valuable learning but their success takes place in a context of different statutory, cultural and organisational environments (paragraphs 1.11 to 1.13, 2.13, 2.15, 2.18 and 2.19).

11 There is no compelling evidence to show that integration in England leads to sustainable financial savings or reduced hospital activity. While there are some positive examples of integration at the local level, evaluations of initiatives to date have found no evidence of systematic, sustainable reductions in the cost of care arising from integration. Evaluations have been inhibited by a lack of comparable cost data across different care settings, and the difficulty of tracking patients through different care settings. As we stated in our November 2014 report *Planning for the Better Care Fund*, providers of health and social care have fixed costs. Therefore reductions in activity do not necessarily translate into sizeable savings unless whole wards or units can be decommissioned (paragraphs 1.11, 1.12, 2.5, 2.18 and 3.23).

Progress with national integration initiatives

12 The Departments' expectations of the rate of progress of integration are over-optimistic. Embedding new ways of working and developing trust and understanding between organisations and their leaders are vital to successful integration. This can take many years because the cultures and working practices in the health and local government sectors are very different. Local areas that have achieved more coordinated care for patients from closer working between social care and NHS organisations have been doing so for up to 20 years. An April 2016 review of integration across England commissioned by the government found that local areas had made limited progress with integration. Local areas need to know that the Departments have a sustained commitment to integration given the length of time that it takes to establish and the investment required (paragraphs 2.5, 2.13, 2.17 and 3.22).

13 Nationally, the Better Care Fund did not achieve its principal financial or service targets over 2015-16, its first year. The principal financial goal for 2015-16 was that the Fund would achieve savings of £511 million, based on local plans. The principal service measure was the reduction of demand for hospital services as a clear indicator of the effectiveness of integrated local health and social care services. Local areas planned to reduce emergency admissions by 106,000, saving £171 million. However, in 2015-16 the number of emergency admissions increased by 87,000 compared with 2014-15, costing a total of £311 million more than planned. Furthermore, local areas planned to reduce delayed transfers of care by 293,000 days in total, saving £90 million. However, the number of delayed days increased by 185,000 compared with 2014-15, costing a total of £146 million more than planned. The Departments and partners did not monitor or track the achievement of savings at the local level as they had no mandate to do so. In our November 2014 report *Planning for the Better Care Fund*, we cautioned that the Fund made bold assumptions about the financial savings expected that were based on optimism rather than evidence. The Departments recognise that the Fund's performance metrics are affected by factors that are outside of the Fund's influence (paragraphs 2.6 to 2.11).

14 Local areas achieved improvements in two areas at the national level. They reduced permanent admissions of older people (aged 65 and over) to residential and nursing care homes. They also increased the proportion of older people still at home 91 days after discharge from hospital receiving reablement or rehabilitation services. The Better Care Fund has been successful in incentivising local areas to work together: more than 90% of local areas agreed or strongly agreed that delivery of their plan had improved joint working (paragraphs 2.6 to 2.11).

15 The Departments are simplifying the Better Care Fund's assurance arrangements and will provide more funding from 2017-18. In response to feedback from local areas the Departments plan to reduce the number of national conditions that local areas must meet from eight to three. Between 2017-18 and 2019-20, the Departments are supplementing the Fund with £2.4 billion of additional resources. From 2017-18, the Departments plan to allow areas with more advanced integrated working to graduate from the Fund's programme management. The Departments have not yet published guidance for Fund planning for 2017-2019 (paragraphs 2.11, 3.7, 3.8 and 3.22).

16 The Integrated Care and Support Pioneers Programme has not yet demonstrated improvements in patient outcomes or savings. An early evaluation of the programme found little evidence of major service change being implemented or of measurable impacts on local services, such as improved cost-effectiveness or patient experience of care. The evaluation was predominantly focused on describing the setting up of local programmes and individual projects. It concluded that it was too early to identify potential improvements at this stage in the implementation process (paragraphs 2.12 to 2.15).

17 NHS England's ambition to save £900 million through introducing new care models may be optimistic. The *Five Year Forward View* describes seven new care models that integrate services around the patient, including, where relevant, social care. NHS England is developing these models across England, including at 50 'vanguard' test sites. NHS England hopes to reduce growth in hospital activity from 2.9% to 1.3% by 2020-21, in part through the new care models. It expects the new care models to achieve savings of £900 million by 2020-21. However, the new care models are as yet unproven and their impact is still being evaluated. NHS England plans to have evaluated the effectiveness and value for money of the new care models programme by the end of 2018. Despite this, the NHS mandate requires NHS England to roll out the new care models rapidly; achieving 20% coverage by the end of 2016-17 and 50% by 2020 (paragraphs 1.13 and 2.16 to 2.19).

The Departments' plans for integration

18 The Departments and their partners are still developing their understanding of how to measure progress in integrating health and social care. They plan to agree a definition of integrated care focused on patient experience. The Departments are planning to publish an integration standard describing the core elements of an integrated health and care system, although a review of the draft standard found important gaps. The Departments plan to build on the standard with a proposed integration scorecard to measure the impact of integration on patients, their health and care outcomes, and the financial savings for organisations (paragraphs 1.9 and 3.16 to 3.18).

19 The Departments' governance and oversight across the range of integration initiatives is poor. The Departments and their partners have set up an array of initiatives examining different ways to transform care and create a financially sustainable care system. However, the Integration Partnership Board receives updates on progress of the Better Care Fund only with no reporting from other integration initiatives. The ministerial Health and Social Care Integration Implementation Taskforce did not meet regularly and has now been disbanded. The lack of comprehensive governance is leading to uncoordinated effort across central bodies and the Department of Health has now initiated a review of governance arrangements. The Department of Health has not clarified how the Better Care Fund aligns with the new sustainability and transformation planning process (paragraphs 3.20 and 3.21).

20 The Departments are not systematically addressing the main barriers to integration that they have identified. The Departments do not have specific work streams to bring together, monitor and evaluate findings from various integration initiatives and emerging best practice. The three barriers – misaligned financial incentives, workforce challenges and reticence over information-sharing – are long-standing and ones which we have identified in our reports dating back to 2003. The misalignment of financial incentives arises in part from the difference between the separate health and social care systems, which are free and means-tested respectively. It also arises in part from the creation of payment systems in the NHS that promote competition and drive activity in hospitals. Creating an integrated workforce is inhibited in many local areas by difficulty in recruiting and retaining staff, particularly in community care. In our fieldwork we found a lack of understanding at the local level about whether and how patient data could be linked (paragraphs 2.14, 3.6, 3.23 and 3.24).

21 Without full local authority engagement in the joint sustainability and transformation planning process, there is a risk that integration will become sidelined in the pursuit of NHS financial sustainability. There is general agreement across the health and social care sectors that place-based planning is the right way to manage scarce resources at a system-wide level. However, local government was not involved in the design and development of the NHS-led sustainability and transformation planning process. The engagement of local authorities has improved for the local planning and decision-making phase of the process, with four of the 44 local sustainability and transformation plan footprint areas led by local authority officials, but overall engagement to date has been variable (unlike their more structured engagement with the Better Care Fund). The process is widely regarded as NHS-led and NHS-focused. The Departments have dropped requirements for local areas to produce a separate plan by April 2017 showing how they would integrate health and social care by 2020. Instead, local areas must demonstrate this through their 2017–2019 Better Care Fund plans, and sustainability and transformation plans. Research commissioned by the government in 2016 concluded that local areas are not on track to achieve the target of integrated health and social care across England by 2020 (paragraphs 3.12 to 3.14 and 3.22).

22 NHS England has not assessed how pressures on adult social care may impact on the NHS. NHS England has noted that the widening gap between the availability of, and need for, adult social care will lead to increases in delayed discharges and extra pressure on hospitals. However, we did not see any estimate of the impact on NHS bodies of pressures on social care spending (paragraph 3.4).

23 NHS England is diverting resources away from long-term transformation to plug short-term financial gaps. NHS England has set up the Sustainability and Transformation Fund to pay for transformation between now and 2020, including work to integrate local care services. However, so far most funding is being used to address the deficits of NHS trusts. NHS England has used £1.8 billion (86%) of the £2.1 billion available in the Sustainability and Transformation Fund for 2016-17 to meet provider deficits. It has said it will continue to use the Sustainability and Transformation Fund to meet provider deficits in 2017-18 and 2018-19. The £0.3 billion of the Sustainability and Transformation Fund left for transformation in 2016-17 includes funding for new care models ‘vanguard’ sites and is available only where organisations meet control totals and performance trajectories (paragraphs 3.10 and 3.11).

Conclusion on value for money

24 Joint working between the NHS and local government to manage demand and support out-of-hospital care through integration could be vital to the financial sustainability of the NHS and local government. The Better Care Fund has increased joint working and the provision of integrated services. However, in the face of increased demand for care and constrained finances, the Fund has not yet achieved its potential to manage demand for healthcare; support out-of-hospital care; improve outcomes for patients; or save money. A key assumption of the Fund – that funding could be transferred from the health sector to social care without adverse impact on the NHS – has proved not to be the case because the health service itself is under financial pressure. As a result, the Fund has not achieved the expected value for money, in terms of savings, outcomes for patients or reduced hospital activity, from the £5.3 billion spent through the Fund in 2015-16.

25 Sustainability and transformation plans could be, but are not yet, a vehicle for joint health and care planning. Unless the Departments decide to formally align local health and adult social care planning, there is a significant risk of sidelining the Better Care Fund and missing the goal of integrating health and social care services across England by 2020. To support that process we would reiterate our 2014 emphasis on the need for robust evidence on how best to improve care and save money through integration and for a coordinated approach. The Departments do not yet have the evidence to show that they can deliver their commitment to integrated services by 2020, at the same time as meeting existing pressures on the health and social care systems.

Recommendations

26 The Departments, NHS England and NHS Improvement are all working on integrating health and social care services. They face two main challenges: providing the environment within which integrated services can succeed and benefit patients; and creating a robust evidence base demonstrating the scalability and replicability of cost-effective integration initiatives. The Better Care Fund has not led to the intended improvements over its first year and the other current integration initiatives are making slow progress. Nevertheless, the government has underscored its commitment to integration through announcing additional contributions to the Better Care Fund from 2017-18. We recommend that the Departments and their national partners:

- a Confirm whether integrated health and care services across England by 2020 remains achievable.** Progress with integration has, to date, been slower and less successful than expected. Financial pressures are increasing for both health services and local government and it is not clear that integration will alleviate these pressures or improve services for patients. The Departments should therefore assess the achievability and benefits from seeking integrated services by 2020.
- b Establish the evidence base for what works in integrating health and social care as a priority.** The existing evidence base does not yet support the proposition that integration saves money, reduces hospital activity or improves patient outcomes. There is much work under way to evaluate current initiatives and the timely dissemination of the outcome of evaluations will support local decision-making and allocation of resources.
- c Review whether the current approaches to integrated health and social care services being developed, trialled and implemented are the most appropriate and likely to achieve the desired outcomes.** While popular approaches, such as multi-disciplinary teams focusing on patients with multiple and complex needs, may improve the care experience for a minority of patients, the evidence to date does not suggest that they will achieve the widespread efficiencies and outcomes needed in the current financially constrained times. The Departments and their partners should support local areas by identifying, from the available evidence, which forms of integration are most likely to lead to the desired outcomes at this time. This might include focusing on particular cohorts of patients, particular pathways of care or particular groupings of health and care services.
- d Bring greater structure and discipline to their coordination of work on the three main barriers to integration – misaligned financial incentives, workforce challenges and reticence over information-sharing.** Local areas are finding these barriers difficult or impossible to overcome at the local level, and the Departments recognise that national approaches are required. The Departments and their partners should consider whether local areas need increased support and guidance to find local solutions, for example to overcome difficulties in recruiting and retaining care workers or to facilitate data-sharing and governance; or whether effort is needed at the national level, such as changes to financial arrangements to better align incentives across the health and care systems.

- e Set out how planning for integration will be on a whole-system basis, with the NHS and local government as equal partners.** Currently, the Better Care Fund is widely regarded as an initiative that primarily benefits local government, and consequently health bodies can become disengaged. At the same time the sustainability and transformation planning process is widely regarded as an initiative to support NHS financial planning, and local authorities can become disengaged. Both initiatives have integration of health and social care services as central to reform across local areas. The Departments and partners should set out clearly how the two initiatives align and support one another, how both local government and health bodies should contribute to achieving mutually agreed goals, and how they will support local bodies where local relationships are not working well.
- f Put in place appropriate national structures to align and oversee all integration initiatives as a single, coordinated programme.** Currently, there is no single body or board with oversight of all the ongoing initiatives, which may mean that learning is not being shared quickly and effectively, and that effort is being duplicated. Given the speed with which local areas need to move towards integrated health and social care systems, the current slow pace of progress, and the seeming intractability of some barriers to progress, it is essential that the Departments and their partners improve their central role in overseeing integration in a holistic way and in providing support to local areas.
- g Complete their development of measures that capture the progress of implementing more patient-centred integrated care.** The Departments are expecting local areas to roll out integrated services rapidly over the three remaining years to 2020, and it is essential that they have accurate and up-to-date information on the progress being made. Local areas need to have a clear definition of what they are working towards to achieve integrated health and care services.