

# Local Government Financial Sustainability

---

March 2025

## About us

The NHS Confederation is the membership organisation that brings together, supports, and speaks for the whole healthcare system in England, Wales, and Northern Ireland. The members we represent employ 1.5 million staff, care for more than 1 million patients a day and control £150 billion of public expenditure. We promote collaboration and partnership working as the key to improving population health, delivering high-quality care, and reducing health inequalities.

We are a networked organisation, which includes a network for Integrated Care Systems. This submission mainly reflects their members' role given their close working relationships with local authorities to deliver services including adult social care, public health and community development.``

## Partnership working between local government and the NHS

1. In July 2022, Integrated Care Systems (ICSs) began to operate on a statutory footing.
2. Integrated care systems (ICSs) are partnerships that bring together the health and care organisations in a particular local area, serving anywhere between 600,000 and 3.1 million people, to work together more closely and provide joined-up care.<sup>1</sup>
3. Each ICS is made up of an integrated care board (ICB) and an integrated care partnership (ICP):
  - The ICB is responsible for planning NHS services, including ambulances, primary care, mental healthcare, hospital (acute), community and specialist care. They have both a chief executive and chair, and currently, they are accountable to NHS England for NHS spending and performance within their boundaries.
  - The ICP has a broader focus, covering public health, social care and wider issues impacting the health and wellbeing of their local populations. It operates as a statutory committee between the ICB and each of the local authorities in the ICS geography, as well as voluntary, community and social enterprise (VCSE) organisations, care providers and other key partners. Exact membership is determined locally.<sup>2</sup> Many ICPs are chaired by leaders of local authorities or local authority cabinet members for health and social care.

---

<sup>1</sup> NHS Confederation (2022) <https://www.nhsconfed.org/publications/integrated-care-systems-ics>

<sup>2</sup> NHS England (2022) <https://www.england.nhs.uk/integratedcare/what-is-integrated-care/>

4. ICSs have four strategic purposes: improving population health and healthcare, tackling unequal outcomes and access, enhancing productivity and value for money and helping the NHS to support broader social and economic development.<sup>3</sup>
5. These strategic purposes were agreed because our health is affected by many things – housing, unemployment, financial stress, domestic abuse and poverty. This is something that we need to look at through a partnership between the NHS, local government and the voluntary sector.
6. Partnership working between local government and the NHS, as well as wider partners is at the heart of delivering on the four core purposes of ICSs. ICS leaders are increasingly looking to align finances, set up shared budgets and work together on shared priorities.

### **Challenges local government financial challenges have posed to partnership working**

7. Our most recent annual survey of ICS leaders showed that over three-quarters of ICS leaders surveyed are concerned that financial challenges in the NHS and local government would impact their ability to deliver on their ambitions and negatively impact partnership working.<sup>4</sup>
8. This survey was undertaken in summer 2024, but member concerns remain particularly in light of the recent announcement on ICBs being required to make 50% cuts to running and programme costs.<sup>5</sup>
9. The current financial position of local government was the second most popular answer in relation to the biggest barriers to systems' progress against the four core purposes of ICS over the coming 24 months.

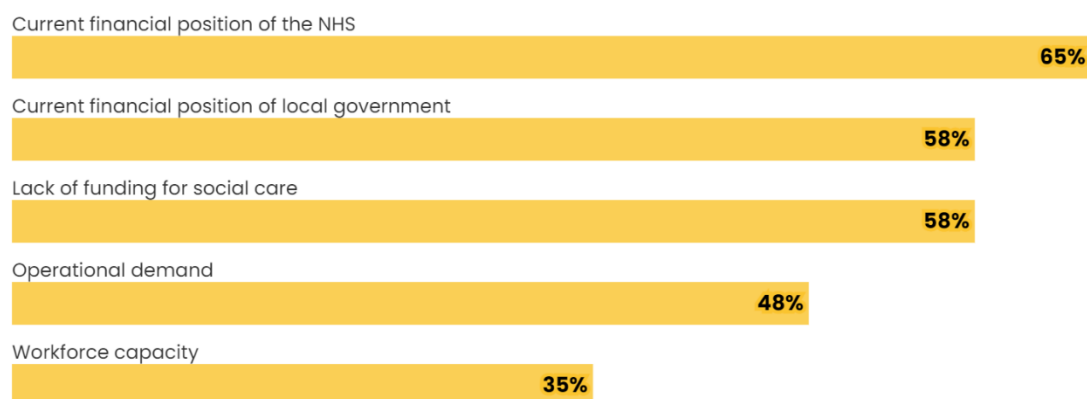
---

<sup>3</sup> Ibid

<sup>4</sup> NHS Confederation (2024) <https://www.nhsconfed.org/publications/state-integrated-care-systems-202324>

<sup>5</sup> HSJ (2025) HSJ (2025) <https://www.hsj.co.uk/policy-and-regulation/icbs-ordered-to-cut-costs-by-50/7038846.article>

## Top five answers for: "What do you think will be the biggest barriers to your system's progress against the four core purposes over the coming 24 months?"



Source: NHS Confederation | State of Integrated Care Systems Survey 2023/24  
Up to five options permitted to be selected from choice of 17, n=52

### Figure 1 – from State of ICS 2023-24

- ICS network members have highlighted increased demand in Special Educational Needs and Disability (SEND) services and in children's and adult social care as key drivers of cost in local government.
- A key frustration for ICS members has been the propensity for government departments to allocate funding on a time-limited basis, for specific initiatives. This funding comes with detailed criteria and reporting restrictions, meaning ICS leaders are often unable to spend the funding as efficiently and effectively as possible. This is compounded by the short notice at which such funds are often announced. For example, the Better Care Fund which has been allocated to local authorities each year ahead of winter to support discharge of patients from hospital to social care packages delivered at home or in residential social care to free up beds and improve flow has come as late as December, meaning ICS leaders have literally been unable to spend their full allocation.<sup>6</sup>

### Solutions to local government financial challenges to support partnership working

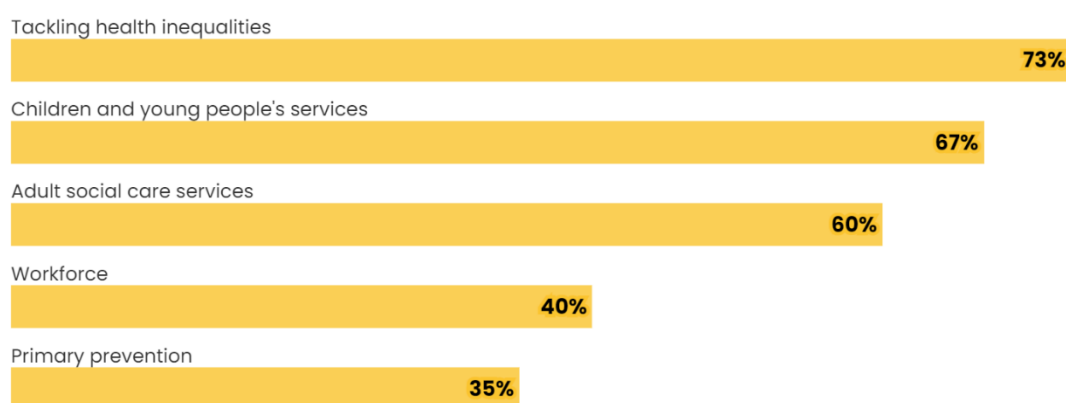
- Many ICSs are working well to support partnership working despite these challenges to meet the needs of local populations.
- In Bedford, Bedfordshire, Luton, and Milton Keynes Integrated Care Board funded Bedford Borough Warm Homes, commissioned by Bedford Borough Council, and delivered by the National Energy Foundation's Better Housing Better Health service. Over 1,600 patients at risk due to chronic health conditions and cold or damp homes were invited to participate. Fifty-three households received home improvements, such as replacement gas boilers, thermostatic heating controls, and loft insulation, averaging £2,500 per home, while 320 households received expert energy efficiency advice. The initiative also sought to lower carbon emissions. While evaluation is ongoing, the NHS is expected to save £358,000 by reducing GP and A&E visits, as

<sup>6</sup> NHS Confederation (2023) <https://www.nhsconfed.org/publications/exploring-adult-social-care-funding-and-delayed-discharge>

improved housing conditions are likely to benefit residents' health, particularly those with conditions like asthma.<sup>7</sup>

14. In East Surrey, significant strides have been made in improving local health and wellbeing through a co-creation approach that integrates place-based prevention into a neighbourhood model. The Growing Health Together initiative launched in 2021, enabling primary care networks (PCNs) to collaborate with communities and partners to support population health, health equity and sustainability. The work has included integrating NHS primary care with existing and emerging community development initiatives led by local authorities, including a well-established community development programme led by Reigate and Banstead Borough Council.<sup>8</sup>
15. Despite the challenges, ICS leaders do think there are big opportunities for joint working between NHS and local authority partners. Tackling health inequalities, children and young people's services, adult social care services, workforce and primary prevention were identified by ICS leaders as the top five policy areas where they see the biggest opportunities.

### Top five answers for: "What are the biggest opportunities for joint working between NHS and local authority partners?"



Source: NHS Confederation | State of Integrated Care Systems Survey 2023/24  
Up to five options permitted to be selected from a choice of 20, n=52

**Figure 2 – from State of ICS 2023-24**

16. ICS leaders believe there are two policy changes that could ensure better local government financial sustainability in future, and further support partnership working between the NHS and local authorities in local communities. Whilst not the subject of this inquiry, these changes would also ensure better financial sustainability of the NHS.
17. Aligning financial planning and multi-year allocation of funding between local government and the NHS would go a long way to supporting a more strategic and effective use of the limited resources available across both sectors.

<sup>7</sup> NHS Confederation (2024) <https://www.nhsconfed.org/publications/state-integrated-care-systems-202324>

<sup>8</sup> NHS Confederation (2024) <https://www.nhsconfed.org/publications/report-unlocking-prevention-integrated-care-systems>

18. In particular, ICS leaders want to see longer-term, better aligned funding cycles across the Department for Health and Social Care (DHSC), the Ministry for Housing, Communities and Local Government (MHCLG), the Department for Work and Pensions (DWP) and the Treasury. This policy ambition was also reflected in the recommendations of the 2023 Hewit Review.<sup>9</sup>
19. Fewer barriers to pooling budgets and allocating resource according to need would also support integration of services at place<sup>10</sup> which will be critical to the government's wider agenda on public service reform.<sup>11</sup>
20. Whilst not explicitly related to funding, ICS leaders have been calling for the foundation of a minister-chaired Integrated Care Partnership Forum, to ensure better joined-up thinking at the Whitehall level to reflect the partnership working already taking place in the local community.
21. Again, this was recommended by the Hewit Review in 2023.<sup>12</sup> Whilst the proposal has been discussed within DHSC, it is yet to be approved.
22. The recent news that Integrated Care Boards will be expected to reduce their running and programme costs by 50%<sup>13</sup> in 2025/26 is likely to have a significant impact on integration and co-commissioned programmes with local government. Our members are keen to understand which programmes and functions they should prioritise.
23. This announcement follows a previous ask from 2023 in which ICBs were asked to cut running costs by 20% over two years.
24. Additionally, restructures in both the NHS with the abolition of NHS England and local government risk distracting from partners' ability to make progress on key areas of integration that can help stabilise and deliver better and more joined up services.

---

<sup>9</sup> Department for Health and Social Care (2023) <https://www.gov.uk/government/publications/the-hewitt-review-an-independent-review-of-integrated-care-systems>

<sup>10</sup> NHS Confederation (2024) <https://www.nhsconfed.org/publications/state-integration-place-neighbourhoods>

<sup>11</sup> Cabinet Office (2024) <https://www.gov.uk/government/speeches/minister-georgia-gould-speech-to-the-national-leadership-forum>

<sup>12</sup> Ibid.

<sup>13</sup> HSJ (2025) <https://www.hsj.co.uk/policy-and-regulation/icbs-ordered-to-cut-costs-by-50/7038846.article>