



Llywodraeth Cymru  
Welsh Government

# Integrated Care Fund

Capital Funding –  
programme guidance for 2018-19 onwards

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## Introduction

1. This guidance should be read in conjunction with the Integrated Care Fund Guidance Effective: 1 April 2018.
2. The Integrated Care Fund (ICF) capital programme has been established for a number of years and has funded a range of capital developments to support ICF objectives. ICF aims to drive and enable integrated working between social services, health, housing, and the third sector. The focus of the fund is to enable older people to maintain their independence and remain at home, avoiding unnecessary hospital admissions and delayed discharges. It also supports the development of integrated care and support services for other groups of people including people with learning disabilities, those with dementia and children with complex needs.
3. The Social Services and Well-being (Wales) Act 2014 ('the Act') provides for Regional Partnership Boards ("RPBs") which bring together health, social services, the third sector and other partners to take forward the effective delivery of integrated services in Wales. Their purpose is to improve the outcomes and well-being of people with care and support needs and their carers. The RPBs must ensure the efficiency and effectiveness of service delivery. The ICF is a mechanism to support delivery of the requirements of the Act.
4. The ICF capital programme is beginning to support accommodation led solutions to social care alongside housing and health capital programmes and we are beginning to see a broader range of engagement and joint working across the health, social care and housing sectors. There is clearly a shared understanding across sectors of the benefits of joint working and developments in areas such as disability, care leavers, supporting older people in their homes, providing specialist accommodation (including for learning disabilities), and providing step-down and re-ablement solutions to enable discharge from acute care. To help continue this momentum, we have identified additional investment in this area for the remainder of this term of Government.
5. It remains essential that the development of this programme is routed in a health and care assessment of need and is based on Population Needs Assessments and embedded in Area Plans. It is however recognised that some regions may need to consider their strategic decision making arrangements to ensure the housing sector are fully engaged and also fully consider local and regional housing need identified by local housing market assessments or similar and associated local or regional housing strategies. In addition, and where appropriate, the existing housing, health and regeneration capital programmes can be complemented by ICF capital.
6. This additional guidance for the ICF capital programme aims to provide further clarity and instruction to help regions develop a pipeline of relevant capital projects and manage them as a multiple year programme. We have made arrangements specifically for smaller scale projects due to the significant amount of feedback we have received about the importance of these localised projects.
7. The additional investment is an excellent opportunity to enhance the ICF capital programme to improve service delivery and maximise the contribution housing

interventions can make to the pressures on the NHS and the delivery of social care. The programme should support a much more strategic approach to capital investment by RPBs and they will play a key role in the effectiveness and impact this additional investment can make.

8. This guidance covers the period 1 April 2018 to 31 March 2019. Guidance will be revisited on an annual basis to ensure it remains fit-for-purpose. This does not detract from the new ICF capital programme being a three year programme as described later in this guidance, but provides opportunity to re-visit the guidance if required.

## Strategic Context

9. The Well-being of Future Generations (Wales) Act 2015 came into force in April 2016. This Act requires public bodies, including the Welsh Government, to think more about the long-term, to work better with people, communities and each other, look to prevent problems and take a more joined-up approach – helping to create a Wales that we all want to live in, now and in the future.
10. Our Programme for Government, *Taking Wales Forward*, sets out the headline commitments the Welsh Government will deliver between now and 2021, under four cross-cutting themes:
  - *Prosperous and Secure;*
  - *Ambitious and Learning;*
  - *Healthy and Active;* and
  - *United and Connected.*
11. The National Strategy *Prosperity for All* published in September 2017, takes those key commitments, places them in a long-term context, and sets out how they fit with the work of the wider Welsh public service to lay the foundations for achieving prosperity for all. This approach will enable Welsh Government to use all the levers available to have the greatest impact and deliver on the promise of the Well-being of Future Generations (Wales) Act 2015. It will help ensure that public services are integrated, efficient and available when people need them.
12. *Prosperity for All* identifies housing as a cross-cutting priority and sets out a range of actions Welsh Government will take to deliver on the vision for “*everyone to live in a home that meets their needs and supports a healthy, successful and prosperous life*”. There are a number of commitments in *Prosperity for All*, relevant to housing, health and social care.
13. The Vision Statement in *Prosperity for All* places a particular focus on the links between housing and health and social care, as well as the economic, environmental and community benefits. It states “*the bedrock of living well is a good quality, affordable home which brings a wide range of benefits to health, learning and prosperity*”. Housing and Social Care are both priority areas in *Prosperity for All* which includes a specific action to “*Incentivise housing providers to build homes which respond to the challenges of an ageing population and which enable people to live independently and safely in their own homes for longer*”.

14. Housing plays an important role in people's health and well being. When housing is properly considered and integrated with health and social care it can have significant benefits to people and the healthcare service, for example, by supporting reductions in delays of transfer of care. It is also important to recognise that housing is the platform to prevention and early intervention for social care to make services more sustainable.
15. The recent Parliamentary Review of Health and Social Care recommended that the Welsh Government should *"maximise the benefits of closer planning and collaboration by taking further steps through guidance, legislation and financial incentives to ensure that housing considerations are fully aligned with health and care planning at local level"*.
16. The long term plan following the review – A Healthier Wales – puts an emphasis on shifting services out of hospital to communities by delivering more services which stop people getting ill by detecting things earlier, or preventing them altogether. This will include helping people manage their own health, and manage long term illnesses. We also want to make it easier for people to remain active and independent in their homes and communities. This new ICF capital programme can play a significant role in supporting this objective.
17. The report '*Our Housing AGE-nda: meeting the aspirations of older people in Wales*' identified the need to provide a strategic focus on housing for older people. It specifically referenced supporting the right choices for people as they grow older, by supporting people not only at home but by widening the housing choices available. Using ICF capital for housing and accommodation solutions on a more strategic basis will support this objective and help prevent unnecessary hospital admission, inappropriate admission to residential care and delayed transfers of care.
18. We recognise that the ICF capital programme is an important vehicle to support the integration of health and social care where accommodation solutions are not involved. There are important requirements for investment in wider services and infrastructure to deliver innovation in the integration of health and social care and ICF capital is well placed to support this approach.

## Objectives

19. As set out in paragraph 7 of the ICF Guidance (effective: 1 April 2018), RPBs must utilise the ICF to support schemes and activities that provide an effective ***integrated and collaborative*** approach in relation to the following RPB priority areas for integration:
  - older people with complex needs and long term conditions, including dementia;
  - people with learning disabilities;
  - children with complex needs due to disability or illness; and
  - carers, including young carers.

20. ICF capital should be invested to support the objectives detailed in the ICF Guidance (effective: 1 April 2018):

- Integration;
- Prevention;
- Social Value Organisations;
- General Principles;
- Carers; and
- Dementia Action Plan.

21. Population Needs Assessments should continue to underpin investment of ICF capital, but should be considered alongside other evidence of need detailed later in this guidance.

22. One of the key considerations which should be made by a RPB is how a proposed project properly integrates the provision of services across health, social care and housing where appropriate.

### **Conditions**

23. The use of the ICF detailed in sections 26 and 27 of the ICF Guidance (effective: 1 April 2018), remains valid for the ICF capital programme.

24. Indicative allocations for the years 2018-19, 2019-20 and 202-21 have been provided to enable regions to plan and programme manage ICF capital on a strategic basis.

25. RPBs will have to work collaboratively with all relevant stakeholders to deliver a programme of investment over multiple years. This will require close co-operation with health, social care, the third sector and housing. Long term planning is carried out in a number of these areas (for example housing capital investment by Local Housing Authorities or Local Health Boards) and how ICF capital is invested in any region should be considered alongside those plans.

26. Whilst ICF capital is currently awarded and paid to the relevant Local Health Board for the region, it is the responsibility of the RPBs and associated sub-groups to ensure effective strategic spending decisions, oversight and deployment of the capital investment. Payment of ICF capital is described in more detail later in this guidance.

27. RPBs should complete an ICF Capital Investment Plan (see Annex 3) for the three years 2018-19 / 2019-20 / 2020-21 to set out and prioritise their strategic priorities for ICF capital during that period.

28. The ICF capital programme can be used to fund:

- smaller projects (e.g. specialised aids and adaptations not supported by main stream programmes e.g. rapid or immediate adaptations to support immediate accident and emergency discharge);

- equipment which supports integration and innovations not supported by main stream equipment programmes in support of ICF objectives;
- accommodation led solutions to health and social care provision;
- re-modelling of existing provision or new provision to support innovation and integration in the delivery of health and social care; and/or
- other capital projects which support the integration of health, social care and housing.

29. The ICF capital programme is being deployed by way of a **Main Capital Programme (“MCP”)** of a **minimum of 75%** of a regions allocation and a **Discretionary Capital Programme (“DCP”)** of a **maximum of 25%** of a regions allocation. See below for further detail.

30. In the first instance RPBs must process and endorse individual projects within the MCP and the DCP. RPBs should then forward those endorsed and approved projects to the Welsh Government for final scrutiny (see application process section).

31. Regions may use funding from their DCP allowance to support their MCP projects but funding from their MCP allowance may not be used to support their DCP projects.

32. The ICF capital programme is being deployed in this way to support a more strategic and scalable approach to investment but retaining the ability for regions to support important smaller local or regional projects if they are strategically important. Indicative regional allocations will be provided under separate cover.

33. Capital expenditure should be invested in assets which are intended to be used for a period of at least one year or more. These include items such as land, buildings and equipment.

34. Projects supported by ICF capital can be delivered by an LHB, a local authority, a third sector body or housing association or a combination of any of these. It is for RPBs to agree who would be the lead organisation in any project.

35. Whilst Welsh Government does not want to be prescriptive on the precise use of the capital funding provided (or which of the ICF the objectives it meets), projects should aim to demonstrate a recognisable shift in the way services are delivered, or in the ways collaborating organisations will operate differently as a result of the capital investment, in order to deliver improved outcomes for citizens. ICF capital is to be used with additionality in mind.

### **Main Capital Programme (MCP)**

36. The MCP is to be used for larger projects which require a significant level of investment (over £100,000), including those which may require financial support over a number of years to support an extensive development process.

37. Projects supported by the MCP may also be funded by other capital programmes if appropriate and relevant. Equally the MCP may be the only source of funding. The overall rate of intervention will be demonstrated via the information requested in the

MCP application. This will assist in ensuring the level of subsidy proposed is proportionate and appropriate. Where total project costs are being requested this will require appropriate justification.

38. Projects supported by the MCP may include the provision of:

- accommodation-led solutions to health and social care;
- integrated facilities (such as a regional “hub” approach to an ICF led service provision) – both re-modelling and new provision;
- capital projects which support new and innovative integration of health, social care and/or housing;
- larger scale equipment projects to support integration and ICF objectives;
- larger scale building re-modelling or adaptation (not supported by existing mainstream programmes); or
- expenditure to evidence or explore the feasibility of larger capital investment.

39. The MCP application process is made up of two parts. The first is looking to set out the principles of the project. The second part is designed primarily to set out the final costs (for example, costs supported by a fully tendered process). It is perfectly acceptable for a project to be at a stage which can be described in parts 1 and 2 together.

40. Any funding to support the accommodation element of a project itself (rather than the additional facilities which are part of these types of schemes) will be assessed with consideration to existing housing capital programmes such as the Social Housing Grant programme. The MCP application process has been designed to understand all sources of funding to consider this fully. Equally, any funding to support non-accommodation elements will be assessed with consideration to existing health and social care capital programmes.

41. The MCP application process has been designed to consider projects aligned with the Five Case Model, as with Public Sector Business Cases. This essentially means that projects are considered based on the Purpose, Strategic case, Economic case, Commercial case, Financial case and Management case. In some cases an application for ICF capital may be associated with a project also applying for Welsh Government health capital. If this is the case, it should be highlighted on the MCP application and the information provided as part of the health capital application process will be given due consideration.

42. RPBs should have in place their own internal processes to appraise and approve projects before these are submitted to the Welsh Government. The appropriate RPB approval should be identified on the application form.

## Discretionary Capital Programme (DCP)

43. The DCP will be available to the RPBs for the following purposes:

- aids and adaptations which are not supported by existing programmes and are in support of specific ICF objectives away from mainstream requirements (e.g. an enhanced Rapid Response need);
- equipment projects which support people to live independently in their own home and may reduce hospital admissions or speed up hospital discharge; and
- other smaller scale projects in support of ICF objectives (e.g. community or third sector led)

44. The DCP is for smaller scale projects to a maximum value of £100,000 per project, and can only total up to a maximum of 25% of a regions annual ICF capital allocation.

45. Whilst there is a requirement for DCP applications to be sent to Welsh Government, the main focus is the endorsement of a project as a priority (within the ICF and DCP criteria) by the RPB, with a proportionate level of assessment and scrutiny provided by Welsh Government. There will be a monitoring and evaluation requirement in line with wider ICF requirements and detailed later in this guidance.

46. RPBs will be required to approve and present to Welsh Government a DCP Schedule (see Annex 1) to demonstrate that the expenditure is in line with the intended use of ICF. RPBs will need to ensure that there are appropriate mechanisms in place to ensure works associated with projects are aligned with strategic priorities and guiding principles and that there are robust internal processes for scrutiny and sign off. These will need to be demonstrated to Welsh Government.

## Application process

47. The application forms for projects within the MCP and the DCP Schedule must be submitted by the RPB representative (generally the ICF lead as described in the ICF Guidance (effective: 1 April 2018)), but it is likely organisations leading the projects will also populate or assist in populating applications.

48. MCP applications, the DCP Schedule and the Capital Investment Plan will be considered and assessed by a scrutiny panel of officials from across relevant Welsh Government departments. As well as the considerations detailed in the DCP and MCP sections, there will also be consideration given to overall fit with ICF criteria, benefits and impacts for service users, value for money and project deliverability. The panel will only consider complete application forms when full project details are provided with the relevant signatories.

49. The forms as required are:

- **Annex 1 – DCP Schedule**
- **Annex 2 – MCP project application**
- **Annex 3 – ICF Capital Investment Plan**

50. Detailed project applications should be provided for the current year of funding, albeit when it is reasonable to do so. Applications for future year's projects should begin to be developed ahead of the commencement of 2019-20 & 2020-21 to avoid delays to the deployment of funding. We will contact RPBs to ensure timescales are clear as the ICF capital programme develops. It is also important to note, some projects may require and request funding across multiple years.
51. Additionally, applications should be completed for reserve schemes when appropriate and processed as normal (albeit not necessarily at the same time as projects detailed in years 1, 2 & 3) in preparedness for this eventuality.
52. Timescales for applications and associated assessment and awards are detailed in the table below:

ICF programme issued - June 2018
ICF capital proposals to be collated and approved by RPBs - to be agreed at a regional level
ICF MCP applications, DCP Schedule and Capital Investment Plan to be returned to Welsh Government – 31 August 2018
ICF capital programme awards sent to RPBs – September 2018

53. As we are approaching the ICF capital programme differently from this year onwards, we will work closely with RPBs via ICF leads in regard of timescales and any associated deadlines. We are also aware the MCP and DCP process is different and Welsh Government will continue to support RPBs around the new process and guidance.
54. A Welsh Government scrutiny panel will make recommendations to Welsh Ministers for their approval. Once project approval has been secured a grant offer letter will be issued with the terms and conditions of the grant.

## **Governance**

55. The Governance arrangements set out in Chapter 4 of the ICF Guidance (effective: 1 April 2018) remain valid for the ICF capital programme.
56. As well as the RPBs themselves, it is expected that any associated and relevant sub-structures (e.g. a Health, Social Care and Housing group) will play a role in the consideration and prioritising of proposed projects in the region. To ensure this is the case, it is important that representatives from across health, social care, third sector and housing are involved in those sub-structures.
57. The Written Agreement arrangements detailed in paragraphs 48 – 53 of the ICF Guidance (effective: 1 April 2018) should include the effective assurance of and processes associated with ICF capital. An approved addendum can be made for

capital projects if the deadline for completion for the Written Agreement has already passed and been met.

58. It is recognised that projects supported with ICF capital may actually be delivered by one or a combination of a Local Health Board, local authority, third sector body or housing association. Arrangements included in the Written Agreement should manage governance arrangements for any one of those bodies to lead on the delivery of a project, including the receipt of ICF capital funding.

59. Governance requirements are also provided for in detail by the terms and conditions set out in the grant award letter to the Local Health Board (receiving on behalf of the RPB area).

### **ICF Capital Investment Plan**

60. The Capital Investment Plan should set out the projects and activity to be funded for the financial years 2018-19 / 2019-20 / 2020-21. The Capital Investment Plan must be submitted to Welsh Government at least annually (deadlines to be confirmed).

61. The Capital Investment Plan also includes the requirement to include “reserve” projects which are not as high a strategic priority as other projects, should support the ICF requirements and needs in the region and would be able to take up funding which has been identified for projects identified in years 1, 2 and 3 which become subject to delays or other reasons for inability to spend funding.

62. To provide a consistent approach across Wales the template at Annex 3 must be used to develop the ICF Capital Investment Plan. The template includes requirements for the following information:

- the organisations involved;
- delivery organisation;
- the ICF objective priority area for integration;
- type of capital project;
- key milestones for delivery;
- planned expenditure; and
- any additional resources to be utilised.

63. When agreeing the ICF Capital Investment Plan, RPBs should have due regard to the Conditions detailed earlier in this guidance and be satisfied that proposed ICF capital projects meet the criteria set out in those Conditions.

64. Whilst Welsh Government will not formally approve the ICF Capital Investment Plan, the detail will be subject to scrutiny with a view to ensuring compliance with this guidance and demonstrating robust programme management of capital allocations which includes the ability to spend allocated funding.

65. It is expected RPBs will respond to any queries Welsh Government raise in relation to any aspect of the ICF Capital Investment Plan which must also be signed off and approved in line with the requirements requested.

## **Evidence of need for ICF capital projects**

66. As detailed in the ICF Guidance Effective: 1 April 2018, local authorities and Local Health Boards are required by section 14 of the Act to jointly undertake an assessment of care and support needs, including an assessment of the level and range of services necessary to secure preventative actions. The partnership arrangements put in place under section 166 of the Act provide for the production of combined population assessment reports on the health board footprint.
67. The purpose of these assessments is to provide a clear and specific evidence base to inform a range of planning and operational decisions. All projects and activity that ICF capital is utilised to support must address care and support needs identified in a region's combined population assessment report.
68. In addition to this, the use of ICF capital in a region should be aligned to the housing needs for the appropriate groups of people identified in local housing market assessments carried out by local authorities. This will require ongoing dialogue between health boards and local authority social services and housing departments.
69. It would also be appropriate for RPBs to use any other specialist evidence of need (for example a region may have commissioned work to identify the requirements of adults with learning disabilities in a given area or have published a strategy for meeting the requirements of an ageing population in a local area) to support capital investment.
70. Despite the requirement to consider a range of evidence of need for ICF capital investment, it is for RPBs to decide which projects take priority in line with their statutory requirements.
71. The ICF Guidance Effective: 1 April 2018 already sets out the links between ICF and The Dementia Action Plan 2018-2022. Any ICF capital supporting dementia services projects should follow this guidance.

## **Reporting to Welsh Government**

72. Effective monitoring and evaluation arrangements are important to provide assurances that ICF capital funding is being fully utilised in the support of effective integrated and preventative services. This will also help to inform future ICF capital investment.
73. RPBs must ensure that they have robust monitoring arrangements in place to ensure schemes funded via ICF capital deliver intended outcomes on time and within budget.
74. Evaluation arrangements must also be established to identify and evidence the impact as well as the general appropriate use of funds.

75. RPBs must provide reports on ICF capital activity on a quarterly basis as detailed in the ICF Guidance Effective: 1 April 2018 and within the timescales prescribed in that document..
76. **Annex 4** - Monitoring of ICF Capital Projects should be used and be accompanied with the ICF Claim Capital Form (**Annex 5**) when submitted to Welsh Government. Incomplete forms will not be accepted. Reporting must be cumulative and summarise the overall position at the specified point of the financial year.

### **Payment of ICF capital funding**

77. The relevant Local Health Board of a region will be the recipient of the ICF capital funding. Arrangements secured by the Written Agreement should ensure the required governance arrangements are in place to support the flow of funding to or from the Local Health Board to other project partners as required (including, but not exclusively, third sector bodies, local authorities and housing associations).
78. Local Health Boards have the power to pay ICF capital to local authorities and registered social landlords under section 194 of the National Health Service (Wales) Act 2006. Section 194 provides that a Local Health Board may make payments to specified bodies in relation to expenditure for community services. This includes payments to:
- Local Authorities towards expenditure incurred in connection with its social services functions under the Social Services and Well-being Act 2014;
  - Housing Authorities towards expenditure incurred by it in connection with its functions in Part 2 of the Housing Act 1985; and
  - Registered Social Landlords in connection with expenditure incurred in connection with the provision of housing accommodation.
79. As the new ICF capital programme is looking to larger strategic projects, including accommodation led solutions to health and social care; we will consider the bids from RPBs and can explore alternative payment arrangements in the future if appropriate.
80. ICF Capital will be paid quarterly in arrears.
81. The funding will be made by way of capital grant with the relevant terms and conditions included. We anticipate there being an award for the total of MCP and the total of DCP.
82. Where appropriate, projects receiving grant funding for land or buildings will be required to provide the Welsh Government with a legal charge over the freehold or leasehold property that is the subject of their project. This will be a funding condition under the grant offer letter. With projects delivered by local authorities, the grant offer letter will contain a pre-funding condition that will require a restriction to be registered against the freehold or leasehold property prior to the grant funding being released. Such a restriction will prevent the disposal of the property without the consent of the Welsh Government.

## Projects costs and design

83. The MCP application asks for relatively detailed information on the costs associated with a project and does so in two parts. The first being at application (to both RPB and then to Welsh Government), the second to be confirmed once a project is approved and going ahead. It is important this information is provided to enable approval at the RPB stage and at the Welsh Government scrutiny stage.
84. The MCP application also asks for a breakdown of sources of funding for projects with a view to demonstrating what proportion of funding is being provided and to ensure projects are being compensated at the appropriate level. This may differ depending on the type of project e.g. whether equipment, facilities or accommodation.
85. The MCP application also looks to identify, what particular approach to design and standards is being used for a project and the approximate cost per square metre when construction or refurbishment is involved. These will be considered as part of the scrutiny process. To develop projects that are to a high standard, applicants will be expected to demonstrate they have considered relevant good practice guidance produced by Welsh Government and from other sources.

## Communications

86. You must acknowledge Welsh Government support on all publicity, press releases and marketing material produced in relation to the funding. Such acknowledgement must be in a form approved by us and must comply with the Welsh Government's [branding](#) guidelines.

## ANNEXES

- **Annex 1** – DCP Schedule
- **Annex 2** – MCP project application
- **Annex 3** – ICF Capital Investment Plan
- **Annex 4** – ICF Capital Monitoring Form
- **Annex 5** – ICF Capital Claim Form

### Contact details for ICF Capital are:

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