



The purpose of this paper is to summarise the funding issues confronting both the Isle of Wight Council and the agencies responsible for the delivery of the Island's Health & Wellbeing services as the basis for the ongoing discussions by Members of the impacts of them.

No. DETAIL

1) INTRODUCTION

- a) The Isle of Wight Council's medium term financial strategy requires total savings of £22.4 million over the three years from 2017/18 with £12.5 million of those savings to be achieved next year; the paper presented to its Executive Meeting of 8 September is forecasting an overspend this year of £4.5 million.
- b) The Island's NHS Trust and Health Services are forecasting a funding deficit of £131 million over the period to 2024/5, according to a paper presented to the Clinical Commissioning Group's Board meeting on 1 September.

2) ISLE OF WIGHT COUNCIL

- a) The Council's Executive was reminded at its 8 September meeting that:
The council has a statutory requirement under the Local Government Act 1999 to achieve 'Best Value' in its delivery of its services. The authority must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- b) There is already concern that it is unable to deliver on that requirement given the severe cuts in recent years in both the financial and human resources available to it: warnings to staff of further redundancies have already been issued.
- c) Yet the government has ruled – and the Isle of Wight Council has accepted – that it can set a legal budget for 2017/18.
- d) In order to bring the possibility of a legal budget next year within reach the government has introduced a technical adjustment which allows the unusual use of capital receipts – specifically the available £17.5 million from the sale of land to ASDA – to fund revenue expenditure.
- e) However, as the Report to the Executive acknowledges:
The ASDA receipt ... can only be used once and the outcome of any strategy to use capital to fund revenue costs in 2017/18 would be a need to save a total of £22.4 million in the two years 2018/19 and 2019/20 (assuming the need to find the savings from the 'operating model' of £3m which are being funded from the ASDA receipt in the current and next financial year).
- f) In fact it has already been agreed to commit £8 million of that £17.5 million to fund, at £2 million a year each this year and next, both the appointment of a Director of Regeneration and support staff and the offsetting of the listed savings in both this year and last of £3 million through the re-organisation of the way the Council operates.
- g) This release of the ASDA capital receipt itself represents a loss to the Council in that it would otherwise have been expected the money would have been available for investment in its diminished and diminishing infrastructure.
- h) Plugging the Budget gaps by the use of Reserves – also with only a one-off impact – has reduced the uncommitted funds to £5.8 million and, as the Report notes:
The minimum level of reserves is judged to be £5.0m for an authority of this size and risk profile, leaving just £0.8m available to act as a buffer against further unforeseen circumstances or financial shocks.

3) HEALTH SERVICES

- a) The forecast £131 million deficit by 2024/25 is identified in Whole Integrated System

Redesign (WISR) Report to the Clinical Commissioning Group's (CCG) Board meeting of 1 September.

- b) WISR, with its own Director and staff, a lay Chair and substantial consultancy input from KPMG and others was established as part of a package of measures following the success of the My Life a Full Life programme's successful application for inclusion in NHS England's Vanguard project in July last year.
- c) It is contracted to:
examine the current provision of health and care services on the Isle of Wight, the challenges in delivering them and then set out options to reshape them. The purpose of the review is to make sure health and care services on the Isle of Wight make best use of available resources and continue to deliver excellence for years to come.
- d) Its Director took up post in March this year and the first requirement was to submit a Pre-Consultation Business Case (PCBC) to NHS England's Assurance processes by 22 July setting out, as the CCG Report puts it, *ways in which health and care services can be redesigned to address a forecast deficit if no changes are made of £131 million by 2024/25.*
- e) The PCBC was submitted on time, having been signed off by the CCG and the Island's NHS Trust and, in response to that task, the Report states it:
contains overall headline costs and savings expected from the implementation of the new model of care totalling £48m, which together with annual efficiency and other cost improvement schemes will meet all but £10m of the £131m forecast deficit (based on the current health & social care configuration of services) to 2024/25.
- f) However, NHS England has not accepted the PCBC. The CCG Board Report says that is because:
the redesign proposals need to be further developed to provide an overarching strategic Transformational Plan bringing together the range of change initiatives on the Island into a coherent, inter-locking vision that addresses the Case for Change, clearly articulates the proposals and how they address the case for change and is specific about the benefits to the public.
- g) In response *a rapid piece of work is being set in train to establish a rolling programme of bi-weekly workshops* to clarify the vision, revise the structure of the PCBC, project plan for delivery, including delivery of a comprehensive Workforce Plan to enable implementation of the New Care Model proposals and consideration of the timelines for Public Consultation.
- h) Meanwhile work continues on public engagement and co-production of the redesign proposals and an updated Communications Plan is being developed.

4) IMPACTS: ISLE OF WIGHT COUNCIL FUNDING

- a) The detail of the necessary savings are currently being developed within the Isle of Wight Council and should be revealed in the Medium Term Financial Strategy Report for the Executive and Full Council at their October meetings.
 - b) The areas of the likely negative impacts of further Budget cuts include those outlined in the following paragraphs of this section.
 - c) *Staff:* the fact that more redundancies will be required to provide the necessary savings has a range of negative impacts, including on:
 - the staff who lose their jobs;
 - the staff that remain and are required to cover even wider stretches of responsibility than they already do;
 - the already low morale and depressing work context;
 - the ability to recruit staff to fill vacancies;
 - the even further decreased capacity of the organisation to deliver services to an acceptable level; and
 - the ability of the political leadership to present itself as a good employer.
 - d) *The poorer and more vulnerable:* residents on low incomes, facing the challenges of mental health or disability issues are those who pay the highest price through the closing of services,
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the withdrawal of benefits and increases in council tax through the changes to the exemptions of the past.

- e) *Town & Parish Councils:* in response to the need for Town & Parish Councils – and the residents of their areas – to fund services and maintain assets previously the responsibility of the Isle of Wight Council, the Precepts raised by the 33 first tier authorities have increased by £1.4 million over the last three years: an increase of 88%.
- f) Much of this has been done under duress: unless local residents had agreed to this increased taxation, the services/assets would have been lost. Yet more of the same is bound to follow in the determination to achieve a balanced Budget: withdrawing funding for Principal Parks has already been signalled; the cost of that to Ventnor, for example, would be of the order of £40k a year.
- g) *Corporate Performance:* the Executive Report included the assessment of performance against the Council's Corporate priorities with the ratings below:

Corporate Priority	Q2	Q3	Q4	Q1	Direction of travel
A1 Supporting growth in the economy, making the Island a better place and keeping it safe	Green	Green	Amber	Amber	↗
A2 Keeping children safe and improving their education	Amber	Amber	Amber	Amber	↔
A3 Protecting the most vulnerable with health and social care, investing in support, prevention and continuing care	Green	Amber	Amber	Amber	↗
A4 Ensuring that all the resources available to the Island are used in the most effective way in achieving the Island's priorities	Red	Red	Red	Red	↘

Colour Key	Status
Green	Majority of performance is on or above target, projects are meeting planned delivery dates, risk is managed appropriately and financial position stable against profiled spend
Amber	Some performance is off target but within accepted tolerance levels, project milestones are still attainable, risk levels demonstrate some concern with appropriate planned activity, financial overspends being forecast
Red	Significant underperformance or project slippage, high scoring risks without active mitigation in place and/or significant overspend impacting delivery of corporate priority

- h) Further Budget cuts are predictably likely to worsen these performance levels.

5) IMPACTS: HEALTH SERVICES FUNDING

- a) The My Life a Full Life programme with its focus on integrated services and locality-based delivery linked to the commitment to the New Models of Care of the Vanguard pilots is at risk of coming off the rails as its WISR identifies the need for major savings and has its plan for delivering them judged insufficiently robust.
- b) In addition to delaying the planned public consultation on the restructuring by up to 12 months, the impact on staff at all levels is likely to be substantial with morale dropping, belief in the programme diminishing and the ever-present inclination to retreat to the relative safety of their own organisations and teams increasing.

6) RECOMMENDATION

Members are recommended to discuss this Report and comment accordingly.