



New Funding Arrangements

Manx Care efficiency target for 2022/23

30-July-2021

This document outlines the findings of the Isle of Man Health and Care Transformation Programme's high level assessment of the appropriateness of the Manx Care 2022/23 efficiency target of 1%

Context and objectives



- Sir Jonathan Michael's independent review of health and care identified that the Isle of Man spends approximately 28% more per head (£59m) on health and care as compared to England. Previous reviews have estimated that approximately 63% (£37m) of this increased spend per capita relates to 'island factors', while the remaining 37% (£22m) relates to controllable inefficiencies.
- In December 2020, the Transformation Programme Political Board approved a revised eight-year efficiency profile to enable the Isle of Man's spending to reach the 'should be' level, with approved efficiency targets to be reviewed annually.
- For 2022/23, the Isle of Man Health and Care Transformation Programme has conducted this assessment with the objective of reviewing the appropriateness of the previously approved efficiency target for 2022/23 for Manx Care. This document outlines the findings and approach to conducting the review.
- This assessment considers Manx Care's efficiency target for 2022/23 only.

Review of previously approved 1% efficiency target for Manx Care for 2022/23

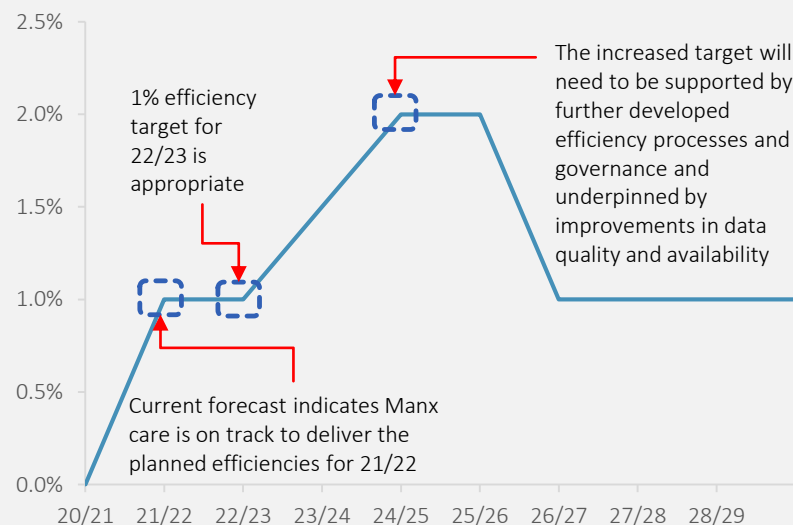
The review has concluded that the 1% efficiency target of 2022/23 for Manx Care is appropriate. Consequently the previously approved eight-year phasing of efficiencies can remain unchanged.

This conclusion has been formed based on a high level assessment of the year to date performance and the carry forward impact of 2021/22 performance into 2022/23. This is supported by the following factors:

■ Year-to-date performance and forecast outturn

- Manx Care have budgeted for the agreed target of £2.7m of efficiencies in 2021/22, which are currently phased equally across the year. As at May 2021, delivery of these schemes was behind plan by £0.45m. However, MIAA, who have been commissioned by Manx Care to support the identification and delivery of efficiencies, produced a report in June 2021 with a range of efficiency opportunities to enable delivery to plan in 2021/22.
- The May 2021 management accounts forecast a largely breakeven position for 2021/22 based on the first two month's run rate and known adjustments. Manx Care is therefore forecasting to be on track for the delivery of its efficiencies.

Agreed 8-year efficiency profile (21/22 – 28/29)



Efficiency target	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29
%	1.0%	1.0%	1.5%	2.0%	2.0%	1.0%	1.0%	1.0%

Factors considered in relation to 2022/23 efficiency target



- The 2021/22 savings have been phased to deliver in-year benefits of £2.7m, net of investments required, predominantly in the second half of the financial year. As a result of this part-year phasing, Manx Care will benefit from the full year effect of these schemes in 2022/23 (for example if a scheme is due to deliver savings of £50k a month, however is only delivered for the second half 2021/22, the residual £300k will contribute to 2022/23 savings).
- Manx Care, with the support of MIAA, has also prepared a long list of efficiency opportunities totalling £4.2 million (which includes the £2.7m to be delivered in 2021/22). If viable and taken forward, the additional identified opportunities can support a significant proportion of the efficiency target for 2022/23.
- The efficiency target of 1% for 2022/23 appears to be achievable and there are opportunities to exceed this target. However, it is important to consider that Manx Care is currently in its first year of existence and is therefore very much in a transitional state. As Manx Care continues to develop their efficiencies processes and governance, increased levels of efficiency will be possible through transformation schemes supported by the existence of higher quality data and more data sources.
- If Manx Care is able to over-deliver against the 2022/23 efficiency target, this will provide them with the ability to self-fund projects and therefore reducing the requirement for further Treasury funding requests.
- As a comparison, English NHS organisations typically have efficiency targets of 3% per annum or more. However, as Manx Care is not directly comparable to English NHS organisation and is still in a transitional state, having only been established for less than 4 months, a lower target may be more appropriate for 2022/23.