



Cabinet report

Date	12 MAY 2022
Title	REVIEW OF THE FINANCIAL MODEL FOR ISLE OF WIGHT COUNCIL WIGHTCARE BUSINESS UNIT
Report of	CABINET MEMBER FOR STRATEGIC FINANCE, TRANSFORMATIONAL CHANGE AND CORPORATE RESOURCES

EXECUTIVE SUMMARY

1. Residents and Councillors expressed concern regarding the affordability of various statutory and optional services provided by the council within the Wightcare business unit. Specific issues were raised regarding the model used for setting charges, fees for the basic monitoring service and for additional optional chargeable services.
2. Isle of Wight Council (IWC) is under statutory requirement under the Care Act 2014 to apply the charging framework for both non-residential and residential care services. Section 14 of the Care Act gives local authorities the power to charge for both non-residential and residential care services and Section 17 of the act specifies the duty to carry out a financial assessment of an adult's ability to pay for services provided to them.
3. Wightcare is a discretionary service which provides a high quality, 24-hour, 365-day emergency support service to approximately 2,200 vulnerable island residents. The service enables clients to maintain their independence in their own home by enabling them to receive support, from qualified and experienced staff, in an emergency. In addition, it also operates the Isle of Wight Councils out-of-hours service.
4. IWC Wightcare is unique on the island in that it is the only island-based service that installs and maintains equipment, monitors calls 24/7 and provides a mobile response team that will visit the person when an emergency call is received. The Wightcare service provides an extensive list of optional chargeable services for Island residents.
5. It was agreed at Full Council on 23 February 2022, that a paper would be brought to Cabinet via Corporate Scrutiny Committee to review the business model of Wightcare including the associated costs and fee structures.
6. Significant cost changes are underway and further incremental costs are foreseen due to inflation generally, changes and investment in technology and to personnel costs.
7. The council has a financial responsibility to set a legal balanced budget with an expectation to achieve a £3.0m of savings in accordance with the Council resolution of 23 February 2022. The Wightcare service has not seen an increase to its fees for

several years despite having the ability to apply an annual fee increase. This has seen a growing gap between the cost of delivery of the service and income.

8. A schedule of proposed fee revisions was made and incorporated into the agreed 2022/2023 IWC budget. The specific fees relating to Wightcare were placed on hold pending this paper.

RECOMMENDATION

Cabinet agrees to:

1. Confirm the revised fee structure changes as per the 2022/2023 budget and activate from 01 July 2022 or earlier if possible.

And

3. Undertake a review of the current Wightcare business model and to revert with a formal all options analysis and recommended forward plan for the unit going forwards.

As elements of 3 above, Cabinet agrees that the business model will:

- Provide a definitive position on the regulatory requirements for the council charging structure for Wightcare as per the relevant legislation as identified by Finance.
- Define a model for apportionment of council administrative costs to be used in relation to business units and hence applied to the business model for Wightcare.
- Define a forward business model for Wightcare taking into account the above, best practices elsewhere, predicted inflation, utility, and other costs, expected market demand for both the basic and enhances options and with regular review periods.
- Be presented to Cabinet no later than September 2022.

BACKGROUND

9. Wightcare is a service available to support people to live independently at home. Wightcare is unique on the island in that it is the only island-based service that installs and maintains equipment, monitors calls 24/7 and provides a mobile response team. Other organisations provide remote monitoring (e.g., to contact a relative or carer by phone) but do not have a team who can respond immediately in an emergency should an urgent response be required.

10. The Wightcare service provides an extensive list of optional chargeable services including:

- Assistive Technology (alarm unit and pendant, advanced tech GPS locators/SOS buttons, epilepsy sensors, fall detectors and many more)
- Daily Living Aids
- Welfare Calls (Telecheck Service)
- Installation and maintenance of equipment
- Monitored calls 24/7
- A mobile Responder service.

11. The Wightcare service has been operated by the council more than 30 years and is an important service that has the potential to prevent hospital admission and admission to residential care in urgent and emergency situations.
12. There has been a significant rise in the cost of providing the service due to many factors including the cost of living, increases in the national living wage and other expenses and this has resulted in the service no longer generating sufficient income to cover its costs. The lack of regular annual price reviews has resulted in the council being required to subsidise the service from within the Adult Social Care revenue budget that is already under financial stress, to cover the difference between cost of service and income received.
13. As an important discretionary service, it is essential to review the fees charged for providing these services and to ensure that as a minimum the service achieves a break-even position. The council can no longer continue to subsidise the service due to continued financial pressures across the council.
14. The last Wightcare fee increase was in 2018. It was previously determined that an annual fee increase could be applied in subsequent years which could be in line with CPI. Since 2018 although discussed the council has chosen not to apply any inflationary increase for the service which has therefore further increased the level of subsidy from the Adult Social Care revenue budget to support the service overhead costs.
15. As part of the council's review of services, Wightcare is undertaking a further options appraisal during 2022/2023 of its business model and opportunities to become more sustainable moving forward without impacting upon its quality. This will not only explore how it is able to achieve service growth by increasing its marketing and client base but also through identifying how it can continue to meet the growing care and support needs for our community to maintain their independence and living in their own homes with the relevant monitoring support and response where necessary. This will continue to provide families with reassurance that their loved ones are supported and kept safe in their own surroundings.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

Economic Recovery and Reducing Poverty

16. Growing and retaining the skills base in adult social care is a key challenge in the social care sector. The Wightcare service is an important discretionary service that aids and supports the ability to reduce and continue to meet the growing care and support needs for our community. Supporting to maintain independence and helping local people to continue to live in their own homes is a significant part of what the service delivers.
17. Addressing poverty is an overarching consideration. All activities will be required to consider the contribution that they can make to reducing the numbers of residents, and especially children, who are living in poverty (particularly those living in absolute poverty). As part of any fee increase the council can consider under Section 17 of the Care Act the ability to carry out a financial assessment of an adult's ability to pay for services provided to them. This enables any adverse financial affects to be addressed for people with low incomes.

Impact on Young People and Future Generations

18. By securing a fee increase for providing Wightcare services we aim to ensure the viability of Wightcare for both the here and now but also future generations. This will seek to avoid a negative impact on our community for both young and other carers by making sure the service is maintained to aid and support their loved ones needs and continue to provide peace of mind.

Corporate Aims

19. The Alliance Administration intends to proactively seek new streams of income that it can reinvest in services for the community by acting in a more commercial focused manner. It has set out the need for the council to be financially balanced and sustainable.
20. The need of the fee review provides the opportunity for the Wightcare Service to operate on a stable footing with zero subsidy to ensure the service remains available for its clients of today and for tomorrow to enable everyone:
 - To be part of the community and enjoy good health
 - To understand the work of the council and the challenges it faces

CONSULTATION

21. The Council published its budget consultation survey on 14 December 2021 and closed on 21 January 2022 with 682 responses (501 responses last year). The Council also ran five workshops with stakeholders from Town, Parish and Community Councils, the business sector, Unions, and voluntary sector. An invitation to discuss the budget was extended to all Councillors and briefing sessions held with the Conservative Group. In-person public consultation sessions were held to extend the reach of the consultation and to enable the widest possible discussions.
22. A summary of the results was set out in the Council's budget paper dated 23 February 2022, notably Fees & Charges for Specific Services:
 - 73 per cent of respondents would prefer to see an increase in charges for services to maintain them.

FINANCIAL / BUDGET IMPLICATIONS

23. There are significant financial implications from the decisions in this report, both from the activation or not of the 2022/2023 fee structure and those that will arise from the longer-term business model options review.
24. To run the Wightcare service it costs £1,416,693 per year. For the 2021/2022 financial year the Adult Social Care revenue budget subsidised Wightcare by £293,949. In addition, the council has invested a further £500,000 capital to support the transition from analogue to digital which has been essential. The council provides all fleet vehicles utilised by the service together with funding their maintenance and upkeep. Neither the capital investment, fleet costs or other administrative costs are currently recharged to the Wightcare budget.

25. The total price increase required for the Wightcare service to breakeven, assuming the continued secondary subsidising of capital investment, fleet, and administration costs, is 36 per cent. This cannot be achieved in one increase therefore proposal to increase by 13.17 per cent in 2022/2023 with further above inflation increases in 2023/2024 and 2024/2025 to reduce the subsidy over a three-year timeframe reducing the impact for service users to a more manageable level.
26. The proposed above inflation increases to fees of 13.17 per cent will result in the following changes to the current weekly charges:

Service	2021/2022 price	2022/2023 price
Installation of full monitoring service (one off charge)	£80.00	£90.00
Remote monitoring	£6.80	£7.70
Remote monitoring and 27/7 service response (unlimited number of response)	£9.72	£1100
Telecare	£11.25	£12.72

27. The projected additional annual income if charges had been raised on 01 Apr 2022 for Wightcare would have been £101,000 for a full year. Following the delay in implementation of the revised charges subject to agreement and approval of cabinet, the revised charges would be with effect from 1 July 2022. This reduces the in-year additional income to £75,750 for 2022/2023 and the annual increase equivalence to 9.8 per cent.

LEGAL IMPLICATIONS

29. The council has a financial responsibility to set a lawful balanced budget with an expectation to achieve a £3.0m of savings in accordance with the Council resolution of 23 February 2022.
30. The council has a statutory duty to meet the assessed needs of vulnerable adults, as well as general responsibilities under sections 1 and 2 of the Care Act 2014 to promote wellbeing and prevent needs for care and support before they arise.
31. Section 14 of the Care Act 2014 gives local authorities the power to charge for both non-residential and residential care services, and section 17 of the act specifies the duty to carry out a financial assessment of an adult's ability to pay for services provided to them.

EQUALITY AND DIVERSITY

32. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
33. An equality impact assessment has been undertaken using data and consultation responses that were collected as part of the budget consultation process. The assessment of the full impact of these changes on the protected characteristic groups

is included in Appendix 1. The main outcome of the assessment is that people with a disability may be negatively impacted and the way the council will mitigate this is set out in the assessment document. This includes supporting people through the financial assessment process and maximising their benefit income.

OPTIONS

34. The main options available to Cabinet are to:

1. Confirm the revised fee structure changes as per the 2022/2023 budget and activate from 01 July 2022 or earlier if possible.
2. Not to confirm the revised fee structure changes as per the 2022/2023 budget and to identify additional substantial service reductions with adult social care to maintain the growing level of subsidy required to maintain the service.
3. Undertake a review of the Wightcare business model and to revert with a formal business options analysis and plan for the unit going forwards.

As elements of 3, Cabinet agrees the business model will:

- Provide a definitive position on the regulatory requirements for the council charging structure for Wightcare as per the relevant legislation as identified by Finance.
 - Define a model for apportionment of council administrative costs to be used in relation to business units and hence applied to the business model for Wightcare.
 - Define a forward business model for Wightcare taking into account the above, best practices elsewhere, predicted inflation, utility and other costs, expected market demand for both the basic and enhances options and with regular review periods.
 - Be presented to Cabinet no later than September 2022.
4. Not to undertake a review and identify reductions to the Wightcare service to establish break even within its ability to generate revenue.

RISK MANAGEMENT

35. The current service overspend is a significant financial risk to the council. Ultimately the service is financially unviable within the context of the council's budget pressures and continued subsidy to cover the shortfall in income from fees.

36. If option 1 is approved, there may be some users that would find it difficult to find the additional money to afford the increased charges and would have to leave the service, which could have a detrimental effect on other local services. The ability for users to have financial assessments remains for those deemed eligible for financial support.

37. If Option 2 is approved the opportunity to reduce the subsidy shortfall for covering the costs of the service by those that use it would be lost. This would mean additional monies would need to be found elsewhere within the council or a review of the level of service would be needed to be undertaken. This could mean that service users will not be supported to remain in their own home. To mitigate this, the council will need to maintain its subsidy to the Wightcare service.

EVALUATION

38. The delivery of care and support is a key part of IWC statutory responsibility and essential that core affordable proposition is available to Islanders
39. Option 1 Activate the full charging structure for the Wightcare services as per the 2022/23 budget that will take effect from 1 July 2022. This is reflective of the Budget consultation process that indicated 73 per cent of respondents would prefer to see an increase in charges for services to maintain them.
40. While option 2 may be preferable to service users, it would mean the council will need to subsidise the service due to the shortfall in fees to cover the service costs and this would expand further each year based on current client model. This would lead to the need to identify additional substantial service reductions with adult social care to maintain the growing level of subsidy required to maintain the service.

APPENDICES ATTACHED

Appendix 1. Equality Impact Assessment

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