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Isle of Man Government
Department of Health & Social Care

Governance Review of the Arm's Length Arrangements between the Department of Health & Social Care and Manx Care

miaa

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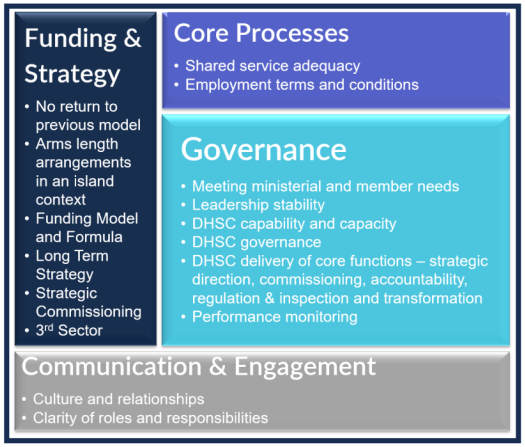
Appendices:

1 Executive Summary

It is evident that the current health and social care model in the Isle of Man is not operating as well as originally intended following the establishment of an arm's-length delivery body (Manx Care), in line with the recommendations made in the '*Independent Review of the Isle of Man Health and Social Care System' by* Sir Jonathan Michael (2019). Tynwald reaffirmed its support for the implementation of these recommendations in 2023.

The size and scale of the Island, along with its governance and funding structures, have limited the ability of Manx Care to fully function as an independent arm's-length body.

The review has identified several fundamental issues that are affecting the core foundations of the current model. These cover the following themes:



Governance: Stakeholder interviews have highlighted that the Department of Health and Social Care (DHSC) governance structure does not meet ministerial needs in terms of engagement, information sharing and holding Manx Care to account. The main focus since the publication of the Sir Jonathan Michael report has been on the establishment of Manx Care as an arm's-length body for the delivery of services: It is evident that the same focus was not given to the structure and governance of the DHSC. This lack of focus has resulted in significant challenges for the DHSC, particularly in terms of its organisational structure, capacity, capabilities, required expertise (including finance) and the governance and accountability frameworks required to enable the effective discharge of its functions including:

- Strategic direction
- Commissioning of health and social care
- Accountability
- Regulation & Inspection; and
- Transformation.

There have been significant levels of turnover within the DHSC across leadership positions, ministers and wider staff groups, all ultimately impacting upon its stability, corporate memory, consistency of approach, engagement and effective discharge of its functions.

There are persistent challenges in ensuring performance management is robust and linked to risk management, together with a lack of role clarity, financial assurance and engagement. Addressing these will be crucial for delivering on the Mandate and achieving the intended outcomes for the Isle of Man's health and social care system.

Core Processes: The effectiveness of the model has also been significantly undermined by a lack of attention to the supporting structures across government—such as Treasury, Shared Services, and Communications. Although a new arm's-length body has been established,

the associated support systems have not been reviewed and existing practices have largely continued unchanged.

There are also differential employment terms and conditions of staff working at Manx Care, including the Chief Executive. This raises potential conflict of interest and challenges in running the organisation with the variation in terms and conditions - this includes the Public Services Commission (PSC), the DHSC and Manx Care. (Refer to Section 3.2)

Funding and Strategy: It was clear from speaking to a range of stakeholders that there is little appetite to return to the previous model. It was generally viewed that Manx Care as a delivery model is the right model but as a small island, Manx Care's ability to operate as truly arm's-length is challenging and may need to be reconsidered across a number of areas.

The current funding model is one of the biggest challenges faced by the DHSC, Manx Care and indeed the Isle of Man Government. It remains based upon an annual allocation and there has been little or no progress made in the implementation of the Sir Jonathan Michael report recommendations relating to the funding model. As such, this means that the focus from Manx Care is on reducing the overspend in year, rather than enabling a more strategic and longer-term focus to support multi-year projects, redesign of clinical pathways, all aligned to the strategic vision for the health and social care service.

As with the funding cycle, there is little development of a longer-term strategy. This should be focused on the development of a health and social care strategy (including a clinical strategy) covering a 5 to 10 year period, underpinned by a 3 year financial settlement. Compounding this, there is a lack of clarity regarding the existing funding mechanisms for the 3rd sector provision, together with a lack of a formal commissioning approach.

The model should be underpinned by a population health needs assessment (supported by Public Health), baselining of costs, costed service specifications and subsequent prioritisation of areas for delivery, including alignment to wider government plans and strategies and realistic expectations for delivery. This may ultimately mean that discussions are required regarding the affordability and prioritisation of the on island service provision.

Communication and Engagement: Strengthening communication and engagement across DHSC, Manx Care, and the Treasury is essential to rebuild trust and ensure clarity around priorities, policies, and service changes. At present, siloed working has led to fragmented messaging and a lack of coordinated public communication. Treasury, as the central authority for financial governance, must take ownership of enabling transparent and strategic engagement this should include clarifying the role of the Treasury Business Partner to DHSC. A unified approach to messaging and stakeholder engagement will support more effective decision-making, improve cultural alignment, and enhance confidence in the system.

To address the fundamental issues affecting the core foundations of the current model we would recommend the following:

Fundamental Issues

High Level Recommendations

1) **Develop a 5-10 year health and social care strategy (including a clinical strategy)/plan on the Isle of Man underpinned by a 3 year financial settlement**
2) **Strengthen engagement between Treasury, DHSC and Manx Care ensuring alignment of budget and strategy**
3) **Strengthen partnership arrangements between DHSC and Manx Care**
4) **Develop and implement a commissioning strategy supported by aligned service specifications**
5) **Integrate and strengthen communication functions**
6) **Define the shared service model for health and social care**

Refer to Appendix C for the full details relating to the above high level recommendations – fundamental issues.

Options Appraisal

As part of the review, MIAA were requested to provide an options appraisal for the future health and social care model for the Isle of Man. These options have been informed by stakeholder views and consider any potential changes in legislation, impact, risks and benefit.

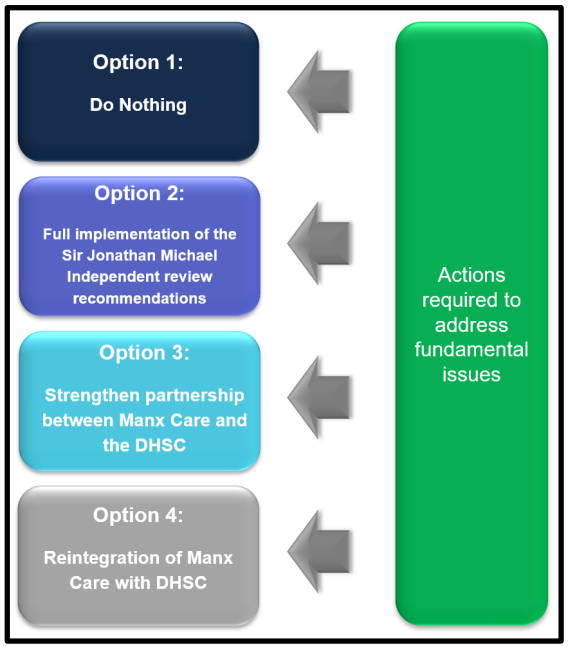
Regardless of which strategic option is ultimately selected, as already highlighted, there are a number of fundamental challenges evident in the current model, which if not addressed will undermine the effectiveness and efficiency of any proposed change in the direction and/or structure of the health and social care service model.

Four strategic options for the future of the Isle of Man's health and social care model have been developed following stakeholder engagement and review of key documentation.

In terms of Option 1, virtually no stakeholder interviewed raised this as a viable option.

Based upon the feedback from the semi structured interviews, whilst a significant number of stakeholders raised their concerns with the effectiveness of the current model, there was minimal appetite for reverting to the previous integrated model (Option 4). As such this is not seen as a viable option.

Option 2 and Option 3 are seen as the viable options – developed following stakeholder engagement and triangulation with key documentation - for further discussion.



While a range of options have been developed to support the discussion, ultimately the final decision rests with the Isle of Man Government.

Section 4 presents the option appraisal, highlighting the potential legislative changes, impact, risks and benefits of each of the two options (Option 2 and Option 3).

2 Introduction, Objective, Approach & Methodology

2.1 Introduction and Background

'The Independent Review of Health and Social Care', undertaken by Sir Jonathan Michael (2019), recommended a fundamental change in the governance of health and care on the Isle of Man. The report made several recommendations aimed at creating a fully integrated health and social care system that was best placed to meet the needs of the island population whilst simultaneously delivering high quality services within an increasingly constrained budgetary environment.

Historically, the DHSC was both setting policy and delivering services, meaning there was no clear distinction between strategic oversight and operational management.

The core recommendation from the Independent Review was the need to create a new, operationally independent body to deliver health and care services, while the DHSC focuses on strategy, policy, and regulation and commissioning via the annual Mandate to Manx Care.

As such, Manx Care was formally established on 1 April 2021 as a result of the Manx Care Act (2021). Manx Care was set up as a Statutory Board; an arm's-length body, run by a Board appointed by Government and approved by Tynwald. However, importantly, it was operationally independent of both Government and Tynwald.

The model was designed to:

- Establish clear, non-overlapping roles between strategic and delivery functions;
- Enable contractual-style performance management;
- Minimise political interference in operations;
- Encourage innovation through autonomy;
- Strengthen system stewardship and financial accountability.

Each year, in accordance with the Manx Care Act (2021), the DHSC sets out a Mandate to Manx Care that outlines the government's objectives and requirements for the Island's health and social care services for the year ahead. Given that it is four years since establishing Manx Care, it is a prudent time to review the current arrangements. There have also been concerns raised by Members of Tynwald regarding the effectiveness of the current governance arrangements, including the ability of Manx Care to achieve all its Mandate obligations within the allocated resources.

The Department has also voiced significant concerns about its ability to fulfil its functions, deliver a strategic focus enabling long-term planning and coordination with current resources and capacity challenges.

Wider concerns have also been raised relating to the potential duplication and lack of clarity on respective roles and responsibilities across the DHSC and Manx Care (including commissioning and contract management) and the significant challenges posed by the current legislation regarding independence, accountability and decision making for both Manx Care, as an arm's-length body, and the DHSC.

2.2 Review Objective & Scope

The overall objective of the review was to respond to Parts 1 and 4 of the October 2024 Motion and the April 2025 Motion which is summarised below:

October 2024 Motion Part 1 and 4:

'Tynwald is of the opinion that:

- ***Part 1**: DHSC should review the operation of the current legislation with a view to amending or replacing existing legislation in order to provide the opportunity for further reform and clarify the governance*

and division of responsibilities of the Department of Health and Social Care and Manx Care with drafting principles and be brought for debate at the January 2025 sitting of Tynwald;

and further that the Council of Ministers should:

- ***Part 4:** Undertake a review of how the operation of Schedule 1 of the Manx Care Act 2021 has worked in practice, in particular the membership of the board, with a view to whether political representation on the board is required, and that the results of such review should be submitted to Tynwald for debate no later than the March 2025 sitting"*

April 2025 Motion:

'Tynwald is of the opinion that:

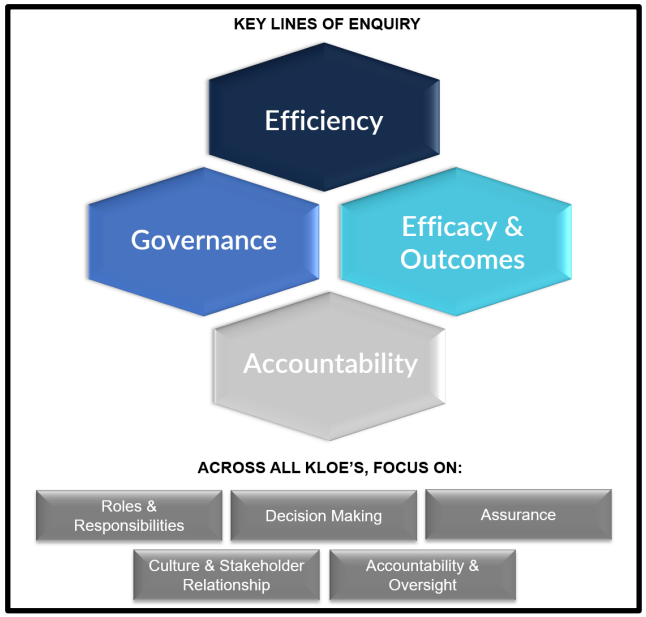
- *consideration should be given to how Government determines funding allocations for third sector organisations delivering essential health and social care services, and that as part of the ongoing healthcare reform review, as resolved by Tynwald, this allocation should be reviewed."*

The review was also to specifically, consider the four key lines of enquiry (KLOE's) as highlighted in the diagram.

The full Terms of Reference (ToR) for the review have been published on the DHSC website and are located here:

Governance Review of the Arm's Length Arrangements between the Department of Health & Social Care and Manx Care - Terms of Reference - June 2025

Limitations to Scope: *The review included stakeholder interviews – a comprehensive list was developed by the DHSC. All identified stakeholders were invited to attend meetings, however, there were a small number, who for various reasons chose not to or were unable to attend.*



2.3 Approach and Methodology

This governance review of the Isle of Man's health and social care system has been conducted using a mixed-methods approach, combining qualitative and documentary analysis to ensure a comprehensive understanding of the current governance arrangements and their effectiveness.

The review has drawn upon:

Stakeholder engagement: Semi-structured interviews were held with key stakeholders (refer to Appendix A for further details) across:

- Members of the House of Keys (MHKs)
- Members of the Legislative Council (MLCs)
- Isle of Man Government Executives and Senior Managers
- DHSC Executive and Senior Leadership Team
- Manx Care Board and Senior Managers
- Professional Bodies
- Independent Bodies
- Unions
- 3rd Sector
- UK Providers

These engagements provided insight into lived experiences, operational challenges, and perceptions of governance effectiveness.

Documentary review: A wide range of internal and external documents were analysed , as below:

- Review of the legislation:
    - Manx Care Act 2021
    - Statutory Boards Act 1987
- Review of external reports:
    - Sir Jonathan Michael Independent Review
    - Kirkby House: Financial Governance Support August 2024
    - Okra: Review of Financial Governance April 2024
    - Manx Care: Governance Review June 2025
- Review of key documentation:
    - Island Plan
    - Mandate
    - Operating Plan
- Review of organisational structures covering the Isle of Man Government, DHSC and Manx Care
- Review of DHSC committee/group terms of reference, workplans, agendas, minutes and meeting papers.
- The review has considered and applied where appropriate, the guidance available for reviews of public bodies central Government Department arrangements, where appropriate for the Isle of Man context: Guidance on the undertaking of Reviews of Public Bodies - GOV.UK.

The methodology applied has facilitated the identification of key governance strengths, gaps, and areas for enhancement.

- Insights gathered from semi-structured interviews were thematically analysed and cross-referenced with findings from the document review. This triangulated approach ensures coherence and reinforces the robustness of the conclusions presented by MIAA in this report.
- The resulting recommendations are firmly rooted in both empirical evidence and the perspectives of stakeholders.

3 Key Findings

A summary of the key findings is provided below:

3.1 DHSC Structures

There have been a number of reviews commissioned by the Isle of Man Government to assess the position of the health and social care service provision in recent years. In particular, as referenced above, in April 2019, the *Independent Review of the Isle of Man Health and Social Care System* by Sir Jonathan Michael Report was published. The main focus of the review was '*to identify options on how to deliver and fund a modern, fit for purpose and sustainable health and care system for the Isle of Man*.' Twenty-six recommendations were included in the report covering governance and structure, service integration, funding reform, workforce strategy, technology and data and quality and regulation.

As highlighted above, since the publication of the Sir Jonathan Michael report, attention has centred on establishing Manx Care as an arm's-length body. However, the DHSC's structure and governance received far less focus, resulting in significant challenges around organisational design, capacity, capability, expertise, and the frameworks needed to effectively deliver its strategic, commissioning, regulatory, and transformation functions.

There have been significant levels of turnover within the DHSC across leadership positions, ministers and wider staff groups, all ultimately impacting upon its stability, corporate memory, consistency of approach, engagement and effective discharge of its functions. In addition, workforce pressures, particularly around attracting and retaining individuals with the necessary skills and expertise, continue to present a significant challenge.

The appointment of the Interim Chief Officer in May 2025 has been widely viewed as positive, particularly in terms of engagement and a focus on building positive and constructive relationships. However, this is a further interim appointment which is due to end in May 2026, potentially leading to further change and instability.

3.2 Establishment of Manx Care

Manx Care was established as an arm's-length body in 2021 during the COVID-19 pandemic and the challenges and impact of this unprecedented situation should be recognised, so too should the pace of change already achieved and the need for the evolution and embedding of its functions.

An area raised during the review related to the differential employment terms and conditions of staff working at Manx Care, including the Chief Executive. This raises potential conflict of interest and challenges in running the organisation with the variation in terms and conditions – this includes the Public Services Commission (PSC), the DHSC and Manx Care. Specifically, the Chief Executive and the Director of Finance are employed by the PSC, yet they are accountable to the Manx Care Board, not to the Isle of Man Government Chief Officer. This disconnect potentially undermines the ability of the Manx Care Board to effectively hold the Chief Executive to account, as the employer (PSC) is too far removed from the operational oversight. As well as accountability misalignment, the variation in contractual terms introduces uncertainty in employment-related matters, especially around handling employment claims, ensuring consistent resolution approaches and navigating dual representation by the Attorney General's Chambers (AGC), which acts for both DHSC and Manx Care. While the AGC typically serves both parties with aligned interests, divergence in employment terms can lead to conflicting legal positions, especially when disputes arise.

There is also a potential legislative concern regarding the Manx Care Board composition and compliance with the Manx Care Act 2021. There is a need to balance legal compliance with operational agility, particularly when reviewing the board structure. This area was raised in the Manx Care Governance Review 2025, which recommended a reassessment of the Board's structure to ensure it remains fit for purpose.

A number of stakeholder interviews highlighted some of the notable improvements to the health and social care service provision since the establishment of Manx Care, including the establishment of MCALS, successful recruitment of subject matter experts, a professionalised board and strong and visible executive level leadership. There is recognition that there needs to be more balance between health and social care provision and the continued focus on the progression of service integration across the different care settings, including primary / community care and enhancement of clinical leadership and engagement. It should be noted that whilst there are challenges, many are not unique to the Isle of Man.

It was clear from speaking to a range of stakeholders that there is little appetite to return to the previous model. It was generally viewed that Manx Care as a delivery model is the right model but as a small island, Manx Care's ability to operate as truly arm's-length is challenging and may need to be reconsidered across a number of areas. Furthermore, there is a view that whilst the Island's vision for the future of its health and social care service has been articulated, there are concerns as to whether it is widely understood by the public and is in fact achievable.

3.3 Efficiency

Best practice guidance sets out clear expectations for financial governance, emphasising robust accountability, transparency, and alignment with strategic objectives. Arm's-length bodies must operate within a defined funding envelope set by their sponsoring department, supported by a formal scheme of delegation and annual performance frameworks.

The funding allocation process for Manx Care and the DHSC is underpinned by legislation, primarily the Manx Care Act 2021. The 2025/26 government budget is £1.38bn with £369.2m allocated to the DHSC. The budget allocated to Manx Care for the delivery of the 2025/26 Mandate is £357.5m as per the Pink Book. This is an increase of £12m from 2024/25.

Previously, the spend associated with the delivery of the Mandate has exceeded budget since the establishment of Manx Care. Health and social care spending prior to the establishment of Manx Care was also in excess of budget.

As already highlighted, the current funding model is one of the most significant challenges for the Isle of Man Government and the DHSC. There is a lack of clarity regarding both the basis of the current formula for the funding allocation to Manx Care and the funding basis for the development of the Mandate and how it aligns to the needs of the Island's population and strategic plans.

There is no activity-based costing in place, limited costed service specifications and a lack of alignment between the costs of the Mandate delivery and the funding allocation. This ultimately means that the costs of service delivery are not known.

It is imperative that there is a fundamental change of approach to the funding allocation model and Mandate alignment. There is a significant risk that without change, the current model will lead to continued overspends and will perpetuate the cycle of mistrust, poor engagement and a lack of confidence from the Treasury and wider stakeholders.

The model should be underpinned by a population health needs assessment (supported by Public Health), baselining of costs, costed service specifications and subsequent prioritisation of areas for delivery, including alignment to wider government plans and strategies and realistic expectations for delivery. This may ultimately mean that discussions are required regarding the affordability and prioritisation of the on island service provision.

Furthermore, the funding model remains based upon an annual allocation, meaning the focus from Manx Care is on reducing the overspend in year, rather than enabling a more strategic and longer-term focus to support multi-year projects, redesign of clinical pathways, all aligned to the strategic

vision for the health and social care service. However, as with the funding cycle, there is little development of a longer-term strategy, covering a 5 – 10 year period.

Within the April 2019 Sir Jonathan Michael report, a number of recommendations were made relating to the funding model – little or no progress has been made in the implementation of these recommendations. There were two subsequent reviews on financial governance commissioned by the Isle of Man Government (Kirkby House April 2024 and Okra Consulting Ltd August 2024). The reviews built upon the findings of the previous reports. All three reviews have thematic overlap regarding governance clarity and accountability and financial planning and sustainability. There is no or little evidence of action progression. Our work also reiterates a number of the themes already raised in these three reports.

It is evident that wider government structures are a contributory factor in the challenges being experienced by the DHSC and Manx Care. The requirement for Manx Care to use shared services is established through the DHSC Mandate to Manx Care, which is issued under Section 14 of the Act. In principle, the model is expected to enhance efficiency and consistency while reducing duplication. It is recognised that this approach should be particularly effective for transactional processes. However, stakeholders raised concerns regarding the shared services capacity and expertise for areas requiring specialist knowledge and skills. There is no individual within government responsible for the totality of the shared service provision. Furthermore, there are limited, and in some areas of service provision, no KPIs in place to support the monitoring of the delivery and performance, and ultimately the accountability of the shared service provision.

The Treasury provide a Treasury Business Partner to the DHSC as part of the finance shared service provision. The Treasury Business Partner role includes advising on budget setting, monitoring financial performance, ensuring compliance with financial regulations, and facilitating communication between the DHSC and Treasury. There is a lack of clarity regarding this role and the relationship with Manx Care and this also highlights the potential duplication of roles as Manx Care has its own Finance Director and an Improvement Director has also recently been appointed.

A further significant shared service provision relates to the Department of Infrastructure (DoI). There are significant challenges relating to the accountabilities and decision making for Estates, which falls under the DoI and the DHSC. Currently responsibility for any of the Manx Care estates resides within the DHSC and DHSC approval is required for any developments such as project development fund applications, business cases and strategic estates issues. Estates is one of the highest strategic risks for Manx Care and the placement of estates management outside of Manx Care presents a number of operational challenges. Within the DHSC, there are no specialist resources dedicated to this area.

It is evident that the culture, relationships, and engagement between the Treasury, the Department of Health and Social Care (DHSC), and Manx Care have not been as effective or robust as required. There is a clear need to build trust and confidence across these organisations. There is a perception that the Treasury lacks confidence in the financial governance arrangements currently in place within both the DHSC and Manx Care.

The DHSC does not have the necessary financial oversight or expertise to hold Manx Care to account from a financial control and governance perspective, notably due to the absence of a DHSC Director of Finance. Consequently, Manx Care has not received strategic financial input from the DHSC, which has contributed to adversarial and defensive behaviours and strained relationships. However, both the DHSC and Manx Care acknowledge the proactive and constructive role played by the current Treasury Business Partner.

Financial governance is currently centred around Treasury Scrutiny meetings. Under the Manx Care Act 2021, Manx Care is not permitted to negotiate directly with Treasury regarding funding or financial adjustments; instead, the DHSC is responsible for representing Manx Care in these discussions. Yet, without adequate financial oversight and expertise, the DHSC is unable to fulfil this role effectively.

To address these challenges, the Treasury should take an active role in collaborating with the DHSC to support the development of a comprehensive and sustainable approach to health and social care cost modelling. This collaboration will be essential in strengthening financial governance, improving engagement, and fostering a more constructive and trust-based culture across all parties.

There is a lack of visibility within governance in the DHSC regarding the 3rd sector. Stakeholder interviews have confirmed the critical role the sector has in the provision of health and care services on the Island. Examples of services provided include: palliative and end of life care, carer respite services and cervical screening services. The strategic planning and funding allocation approach for these services requires review to ensure the long-term sustainability of provision.

3.4 Governance

Ensuring that government departments are run as efficiently and effectively as possible is a fundamental requirement for any government. Corporate governance requirements are set out in the *Corporate governance principles and code of conduct* (November 2005).

The governance structure within the DHSC was developed following the creation of Manx Care as an arm's-length body. Policy making and regulation was separated from service delivery in April 2021 following the independent review of health and social care services carried out by Sir Jonathan Michael.

Overall, our review has confirmed that the governance arrangements currently in place are not effective and supports the position that on the separation of the DHSC, the focus was very much on Manx Care and little consideration was given to the governance requirements of the DHSC to support it in its delivery / achievement of its functions. It was evident that there is an overfocus on process rather than outcomes.

The arrangements both in terms of design and operation do not effectively provide assurance on the commissioning and delivery of safe, effective and high-quality health and care services within budget. However, it is acknowledged that there is a focus within the DHSC to improve the effectiveness of its arrangements, specifically in focusing upon culture and relationships.

It was evident from the significant number of stakeholder interviews and our review of documentation relating to the governance framework, that areas of focus include a need to streamline the current governance and decision making and the adoption of a more collaborative approach across the whole of the Isle of Man's government governance structure. This would help to reduce duplication of effort, ensure more efficient use of resources, foster relationships and engagement, build trust and confidence and potentially improve service delivery through shared goals and integrated planning.

In terms of the DHSC holding Manx Care to account for mandate delivery, there are persistent challenges in ensuring performance management is robust and linked to risk management, together with a lack of role clarity, financial assurance and engagement. Addressing these will be crucial for delivering on the Mandate and achieving the intended outcomes for the Isle of Man's health and social care system.

3.5 Efficacy & Outcomes

Best practice guidance on public body reviews (Guidance on the undertaking of Reviews of Public Bodies - GOV.UK) underscores the critical importance of efficacy and outcomes within the health and social care system.

A more collaborative and engaged approach with Manx Care is essential to enable the DHSC to effectively discharge its statutory functions. This includes leveraging the expertise of the DHSC and subject matter experts, as well as those within Manx Care, to avoid duplication of roles and resources. Strengthening this partnership would help reduce inefficiencies and management costs. There also needs to be recognition that some key functions of the DHSC, such as strategic development, are unable to be effectively discharged without active engagement from Manx Care.

It was evident that there were key areas of alignment across the strategic intent (Island Plan), commissioning expectations (DHSC Mandate), and operational delivery (Manx Care Operating Plan) in terms of the emphasis on efficiency, budgetary control and service transformation. However, due to the funding constraints and implementation of efficiency targets there is potential misalignment in terms of priorities and approach to achievement of the plans.

There needs to be a significant change in focus, moving away from a 12 month mandate delivery to the implementation of longer-term strategic plans, covering 5 - 10 year periods. This will require all parties to be fully engaged in the strategic development to support the prioritisation of service delivery and achievement of outcomes as well as amendments to legislation.

The 2025/26 Mandate includes 16 strategic objectives aligned with the priorities identified in 2024/25, with supporting measures that are aligned with the 4 areas of transformation identified in 2025/26. The measures are not fully specified for measurement and reporting purposes. Currently, there are no longer-term strategic plans (3, 5 or 10 years) or supporting commissioning strategy.

The Mandate includes a list of services in scope (referenced as service specifications) and associated service level metrics for the period. MIAA has been informed that only a small number of service specifications have been developed due to a lack of capacity within the DHSC. Additional service level priorities for improvement are stated.

There are a significant number of service level metrics to be reported, however, they are not aligned with the Mandate strategic objectives and measures. Nor does the direction from the DHSC in relation to service lines appear to align well with the Mandate or transformation priorities. There is a risk that this direction is becoming too focused on operational details (the 'how'), rather than on setting the strategic direction and defining the outcomes to be achieved and evaluated. There needs to be a clear distinction made between strategic planning and operational execution.

It is acknowledged that there has previously been a lack of involvement from Manx Care in the development and planning of the Mandate as this is not within Manx Care's delegated responsibilities, alongside a lack of alignment between Manx Care, the DHSC and the Treasury. For 2025/26, there has been increased engagement between the DHSC and Manx Care to improve the planning for the development of the Mandate. Despite the increased engagement with Manx Care there is still a disconnect between the Mandate, funding allocation and delivery expectations, which will ultimately impact upon Mandate achievement, financial position and stakeholder trust and confidence.

Commissioning is a core responsibility of the DHSC, yet its effectiveness is currently limited by the absence of a formal commissioning plan or strategy. Strengthening strategic commissioning is essential, as current mechanisms for monitoring Manx Care's performance are ineffective. However, the DHSC faces constraints in its commissioning capacity, expertise and resources within a small structure, which directly impact its

ability to deliver this function. To fulfil its commissioning role effectively, the DHSC must significantly enhance its strategic commissioning capabilities and align them with a longer-term strategic framework.

The mechanisms for the DHSC as commissioner to monitor the performance of Manx Care are ineffective. As a commissioner, the DHSC has very little power as there are no or very limited markets and competition and financial incentives are not viable as levers. By strengthening strategic commissioning, some components of a market could be developed e.g. voluntary / private sector.

The monthly mandate meetings cover assurance, performance management, and service specification development, but lack effective escalation into quarterly performance reviews due to inconsistent meeting frequency. Poor organisation, unclear decision-making, and unfocused agendas hinder progress on priorities. Data presented is overly detailed and misaligned with high-level mandate objectives, with notable gaps in financial reporting—particularly around individual packages and commissioning spend. Additionally, there is no structured approach to risk management discussions. Similar issues, regarding a lack of assurance to the Quality and Safety Committee, on the outcomes from the Quality Assurance Framework reviews and assessments were also highlighted.

The transformation focus within the DHSC is fundamentally guided by the recommendations in the Sir Jonathan Michael report. There were diverse opinions raised as part of the stakeholder interviews on the role of transformation, with some believing the programme has lost its direction and a lack of confidence from the Treasury in the outcomes being delivered.

Currently, the transformation team is situated within the DHSC and should be aligned with policy direction. However, there are stakeholder views that the team would be better served within Manx Care as it is Manx Care who is undergoing transformation and this aligns with service delivery.

Decision making and subsequent approval for transformation funding was overly bureaucratic and time prolonged. Although a Transformation Committee exists within the DHSC governance structure, it has no decision-making authority and governance around the transformation programme is ineffective. Approval for 2025/26 funding has not yet been received (as at August 2025). Without funding approval, this will significantly impact upon the delivery and achievement of transformation projects, which in turn is linked to the achievement of Manx Care's cost improvement programme.

Requests for financial delegation from the Treasury have been refused and transformation funding is reviewed annually, which hinders the planning of multi-year projects.

It was evident from the stakeholder interviews that there is a lack of trusted relationships and confidence from the Treasury which appears to be behind the lack of approval for release of funding. It is evident that increased engagement is needed across all key parties to improve the culture, behaviours and relationships and ultimately achieve transformation in service delivery.

Strategic direction is a key function of the DHSC. However, as already highlighted, there is little or no strategy development undertaken. Planning and strategy development should be a collaborative effort between Manx Care and the DHSC, with the DHSC taking the lead and working closely with Public Health.

Regulation as a key function of the DHSC is currently focused upon social care. However, the regulation of health and care systems in the Isle of Man is undergoing a major transformation, driven by the proposed Regulation of Health and Social Care (ROHSC) Bill, which if approved, would replace the Regulation of Care Act 2013 (ROCA). The new Bill will expand regulation to include all health and social care service providers, including NHS and private healthcare providers. The DHSC's Registration and Inspection Team will oversee the process, with the option to involve external experts.

Given the capacity and capability challenges of the DHSC, consideration should be given to how this extended remit will be delivered.

3.6 Accountability

Part 2 and Part 3 of the Manx Care Act 2021 define the respective duties of the DHSC and the general functions of Manx Care, with the Mandate outlining DHSC's expectations of Manx Care as the health and social care provider for the Isle of Man. Manx Care responds to this Mandate through its Operating Plan, both of which are presented to Tynwald annually. While the Mandate sets out broad, multi-year priorities, its annual nature presents challenges for DHSC in holding Manx Care accountable for delivery. Stakeholder interviews revealed differing views on the clarity and achievability of the vision for health and social care, with many considering it clear but unrealistic, and not well understood by the public.

There is a need to clarify the distinct roles of DHSC and Manx Care to avoid operational overlap and confusion. Improving public accountability will require clearer communication of responsibilities and decisions. Ensuring there is robust leadership across both organisations is essential to ensure stability and effective management and delivery. While the need for strong and stable leadership within DHSC is widely recognised, current arrangements remain interim.

There is also the need for a collaborative approach across government departments and a thorough review of the legislative framework to support governance requirements.

An Interim Chief Officer supported by a Deputy (currently an interim appointment) is in place at the DHSC. The Interim Chief Officer is effectively the senior sponsor managing the relationship with Manx Care on behalf of the DHSC. Stakeholder interviews highlighted approval had been given to appoint an Engagement Officer at the DHSC who will act as conduit between the DHSC, Manx Care and the Cabinet Office. The Engagement Officer role is also focused on public and patient/service user consultation.

It is noted that there has been high turnover and number of interim appointments within the DHSC, particularly since the separation and the establishment of Manx Care in April 2021. This instability has significantly impacted upon the continuity, consistency and effectiveness of leadership operated within the DHSC and the effectiveness and approach to wider engagement and a focus upon the building of relationships.

Feedback from a range of stakeholder interviews highlighted the positive impact made by the DHSC Interim Chief Officer since their appointment in May 2025. However, as highlighted above, this is once again an interim appointment which is due to finish in May 2026 and whilst overwhelmingly viewed positively, concerns remain for the future stability and leadership of the DHSC.

The Mandate Framework sets out the performance information Manx Care are expected to make available to the DHSC. This includes agendas, meeting summaries and supporting papers of its Board subcommittees and its Integrated Performance Report (IPR) (containing defined performance metrics). The requirements as outlined result in a large volume of information being shared which is not sufficiently focused to enable efficient performance review. As already highlighted, governance mechanisms are not operating effectively to sufficiently demonstrate that the performance information is appropriately, reviewed, discussed and acted on.

Political involvement is embedded in the governance and oversight of the system via ministerial oversight, the legislative framework and Tynwald accountability. Whilst Manx Care was established to separate service delivery from political decision-making, political involvement remains in a number of areas, including setting the Mandate for Manx Care, approving strategic priorities and responding to public and stakeholder concerns.

Stakeholder interviews have highlighted the groups that are currently within the DHSC governance structure (Board to Board / Mandate meetings), in their current form do not meet ministerial needs in terms of engagement, information sharing and holding Manx Care to account. This subsequently impacts on the effectiveness of reporting to other Government Departments and Tynwald.

Ultimately, the Minister for the DHSC remains politically accountable to Tynwald for the overall performance, policy direction, and strategic oversight of Manx Care. DHSC accountability is articulated in legislation and governance documents, including the Mandate and Framework Agreement.

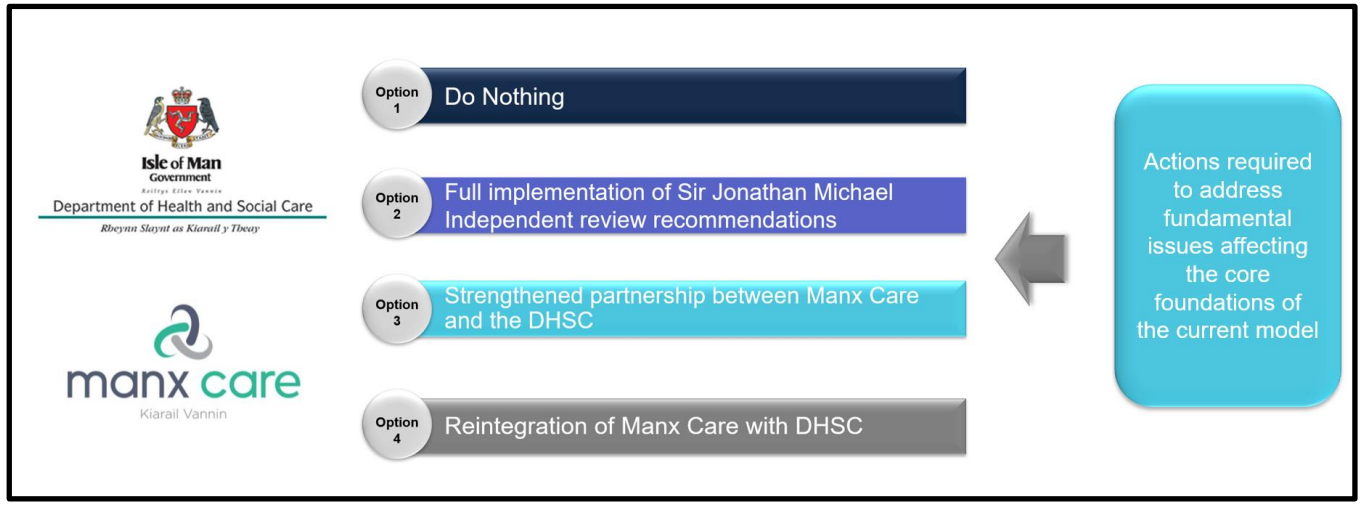
It is clear there is a need for closer political alignment with Manx Care to support the building of relationships, strengthening of communications and engagement and instilling ministerial, government and public confidence. A further area of priority is the management of political queries received regarding health and care service delivery.

From a wider perspective, there needs to be alignment of communications across the DHSC and Manx Care at both a strategic and operational level. Currently the DHSC and Manx Care are operating in silos which is leading to a lack of unified communications, coordinated messaging and a potential lack of public trust and confidence. Coordinated engagement and messaging will help build transparency, credibility and trust in the system and support clarity on priorities, policies and service changes.

4 Option Appraisal

Four options have been identified to support the discussion regarding the future direction of the Isle of Man's health and social care system, ultimately the final decision rests with the Isle of Man Government.

As referenced above, regardless of which strategic option is ultimately selected, **there are a number of fundamental challenges evident in the current model, which if not addressed will undermine any proposed change in the direction and/or structure of the health and social care service model**. These fundamental issues include securing sustainable funding, developing a coherent long-term strategy, strengthening core processes and for increased communications and engagement.



In terms of Option 1, virtually no stakeholder raised this as a viable option.

Based upon the feedback from the semi structured interviews, whilst a significant number of stakeholders raised their concerns with the effectiveness of the current model, there was minimal appetite for reverting to the previous integrated model (Option 4). As such this is not seen as a viable option.

There are two strategic options highlighted (Option 2 and Option 3). Stakeholder interviews identified a need to change the operation of the current model and in the given environment, Option 3 is viewed as the most viable option.

Section 4.1 presents the option appraisal for Option 2 and Option 3, highlighting the potential legislative changes, impact, risks and benefits of the two options.

Appendices C, D and E present the recommendations to address the fundamental issues that are affecting the core foundations of the current model together with the recommendations relating to each of the two options (Option 2 and Option 3).

4.1 Summary of Options

Below provides a summary for each of the two options:

Option 2 (Full implementation of Sir Jonathan Michael Independent review recommendations): This option builds on the current structure under the Manx Care Act 2021, advancing the strategic separation between DHSC and Manx Care. It proposes targeted legislative refinements—including updates to the Manx Care Act, Statutory Boards Act, and mandate frameworks—to clarify governance, strengthen accountability, and support long-term financial and clinical sustainability. The DHSC would focus on strategy, commissioning, and regulation, while Manx Care retains operational autonomy. Enhanced integration, digital transformation, and public health centralisation aim to improve outcomes. However, risks include financial misalignment, implementation complexity, and cultural challenges between organisations.

Option 3 (Strengthened partnership between Manx Care and the DHSC): This option proposes closer collaboration between DHSC and Manx Care through legislative updates and shared governance mechanisms. Amendments to the Manx Care Act and related legislation would enable joint strategic planning, integrated commissioning, and shared accountability. The approach aims to reduce duplication, improve service integration—including with the 3rd sector—and foster a unified leadership culture. Benefits include enhanced financial oversight, faster decision-making, and improved patient experience. However, risks include potential loss of Manx Care's operational independence, governance complexity, and cultural misalignment, which may dilute performance and blur strategic and operational roles.

Table 1 provides a detailed comparison of Option 2 and Option 3.

Appendix B summarises the proposed placement of the five DHSC functions for Option 2 and Option 3.

Table 1 Detailed comparison of Option 2 and Option 3

	OPTION 2 Full implementation of Sir Jonathan Michael Independent review recommendations	OPTION 3 Strengthened partnership between Manx Care and the DHSC
Legislation	While the current structure is based on the **Manx Care Act 2021**, several legislative refinements may need to be considered to improve clarity and effectiveness: • **Review of Schedule 1 of the Manx Care Act**: Especially regarding board membership and recognising the recommendations made by the report about no political representation on the Manx Care Board. • **Statutory Boards Act 1987**: May need updates to reflect evolving governance structures • **Mandate Framework Codification**: Strengthening the legal basis for performance management and strategic alignment • **Manx Care Act 2021**: Review differential employment terms and conditions and focus on longer term funding models • **Health and Care Services Bill**: Establishes statutory clarity for the DHSC's role in policy, strategy, and commissioning • **Regulation of Health and Social Care Bill 2026**: Expanding the DHSC's regulatory scope to cover the entirety of services commissioned	To support closer collaboration between the DHSC and Manx Care, the following legislative updates may be required: • **Amendments to the Manx Care Act 2021**: To outline shared responsibilities and enable more flexible joint working arrangements • **Review of Schedule 1 of the Manx Care Act**: Particularly regarding board composition and whether political representation is appropriate • **Mandate Framework Enhancements**: Codifying collaborative planning and performance review mechanisms • **Statutory Boards Act 1987**: May need updates to reflect shared governance or oversight structures • **Governance Reform Provisions**: As proposed in the Recovery & Reform Plan, including changes to board structure and reporting obligations • **New Provisions in the Health and Care Services Bill**: Define mechanisms for **joint strategic planning**, shared service delivery and integrated commissioning. Enable **shared governance frameworks** and performance management systems

	OPTION 2 Full implementation of Sir Jonathan Michael Independent review recommendations	OPTION 3 Strengthened partnership between Manx Care and the DHSC
		Refer to legislation elements in Option 2
Impact	• **System Transformation**: Improved integration of health and social care. Enhanced use of data, digital transformation and workforce planning • **Clear Separation of Roles**: The DHSC focuses on strategy and oversight, while Manx Care handles service delivery • **Operational Autonomy**: Manx Care can innovate and respond to service needs without direct political interference • **Strategic Commissioning via Mandate**: Annual mandates set expectations and funding, aligning services with government priorities and the 3rd sector • **Ongoing Governance Reviews**: Regular assessments are needed to ensure the model remains fit for purpose • **Need for Better Alignment**: Disconnects between mandate expectations and financial settlements can hinder strategic planning • **Financial Sustainability**: Aims to create a financially and clinically sustainable system, including the 3rd sector	• **Improved Strategic Coordination:** Joint planning and shared oversight can reduce duplication and improve service integration, including the 3rd sector • **Enhanced Financial Oversight:** Shared budgeting and performance reviews could improve cost control and resource allocation, including the 3rd sector • **Better Service Integration:** Closer collaboration would support the "home first" model, shifting care into communities and improving patient outcomes • **Unified Leadership Culture:** A more cohesive leadership approach could improve morale, engagement, and decision-making • **Faster Decision-Making:** Less bureaucratic separation may enable quicker responses to emerging issues • **Shared Accountability:** Encourages joint ownership of outcomes and performance • **Increased Stakeholder Engagement:** More opportunities for clinicians and service users to influence policy and delivery • **Unified Leadership Culture:** A more cohesive leadership approach could improve morale, trust, engagement, and decision-making

	OPTION 2 Full implementation of Sir Jonathan Michael Independent review recommendations	OPTION 3 Strengthened partnership between Manx Care and the DHSC
		• **Political Oversight:** Improved accountability and visibility to Ministers
Risks	• **Financial Risk:** Achieving the funding levels and standards set out in the review may not be realistic given the Isle of Man's economic context (low-tax economy, high demand, aging population) • **Financial Misalignment**: Mandates may not be fully funded, impacting service delivery • **Implementation Complexity:** The scale of change is significant, requiring careful management of human, digital, and other resources. There is a risk of disruption during transition, resistance to change, and potential for service gaps if not managed well • **Sustainability:** If health care overspends, it could have a detrimental impact on the wider finances of government • **Workforce and Culture:** Changing workforce models and culture may face resistance and require sustained leadership and engagement • **Accountability Gaps**: Ambiguity in oversight and decision-making can weaken governance • **Duplication of Roles**: Overlap in functions between the DHSC and Manx Care (e.g., finance, HR) can lead to inefficiencies	• **Loss of Independence**: Manx Care's operational autonomy could be compromised, leading to political interference • **Governance Complexity**: Shared responsibilities may create confusion over accountability and decision-making • **Cultural Misalignment**: Differences in organisational culture between the DHSC and Manx Care could hinder collaboration • **Performance Dilution**: Without clear boundaries, performance management may become less effective • **Blurring of Roles**: May reduce clarity between strategic and operational functions, requiring strong governance safeguards. • **Political Interference**: Increased involvement from elected officials could politicise service delivery decisions • **Cultural Resistance:** Staff and leadership may resist changes that alter existing roles, responsibilities, or autonomy

	OPTION 2 Full implementation of Sir Jonathan Michael Independent review recommendations	OPTION 3 Strengthened partnership between Manx Care and the DHSC
	• **Cultural Differences**: Divergent organisational cultures can hinder collaboration and shared goals	
Benefits	• **Modern, Integrated Care:** A modern, integrated, and fit-for-purpose health and care system, with improved outcomes for patients and service users • **Clearer Accountability:** Stronger governance, clearer lines of accountability, and better oversight of quality, performance, and costs. Separation allows for independent scrutiny of service delivery • **Data and Digital Transformation:** Enhanced use of technology and data to drive improvement and efficiency • **Long-Term Sustainability:** A system designed to be financially and clinically sustainable, able to meet future demand • **Transparency and Public Confidence:** Improved transparency, regulation, and public confidence in health and care services	• **System-Wide Efficiency:** Shared planning and delivery can reduce duplication, streamline services, and improve productivity • **Improved Patient Experience:** Integrated care pathways and better coordination can lead to faster, more personalised care • **Stronger Governance and Transparency:** Joint reporting and oversight mechanisms can enhance public trust and accountability • **Resilience and Sustainability:** A unified approach to workforce, digital transformation, and financial planning strengthens the system's ability to adapt • **Resource Efficiency**: Shared services and planning may reduce overheads and improve value for money • **Workforce Strategy Alignment**: Closer collaboration can support unified workforce planning and retention strategies • **Political Oversight**: Improved accountability and visibility to Ministers

Appendices

Appendix A: Stakeholder Interviews

MLCs & MHKs
6 MLCs
21 MHKs
Government
Attorney General's Office*
Cabinet Office
Department of Education, Sport & Culture
Department of Home Affairs
Government Communication Service
Health & Social Care Ombudsman
Isle of Man Chief Executive Officer
Office of Human Resources
Public Health
Treasury
DHSC
Interim Deputy Director, Policy and Strategy
DHSC Treasury Business Partner
Head of Corporate Governance
Head of Mandate
Head of Policy and Legislation
Head of Quality and Compliance
Head of Registration and Inspections
Director of Transformation
Health Services Consultative Committee members
Interim Chief Officer
Interim Deputy Chief Officer
Pharmacy Professional Advisor to DHSC
Manx Care
Care, Quality & Experience Lead
Chair
Chief Executive Officer
Executive Director for Nursing and Allied Health Professionals
Executive Medical Director
Executive Director of People and Workforce
Experience & Engagement Lead
Improvement Director
Interim Designated Finance Officer
Interim Executive Director of Operations
Interim Executive Director of Partnerships, Performance and Improvement
MCALS Service Lead
Non-Executive Directors
Professional Bodies
Isle of Man Medical Society**
Independent Bodies
Mental Health Commission
Unions

Royal College of Nursing
Unite
3rd Sector
Children's Centre
Crossroads
Hospice Isle of Man
Isle of Man Anti-Cancer Association
Naseem's Manx Brain Charity
UK Providers
Alder Hey Children's NHS Foundation Trust
Liverpool Heart Liverpool Heart and Chest Hospital NHS Foundation Trust
Liverpool University Hospitals NHS Foundation Trust
The Walton Centre NHS Foundation Trust

*Interview plus written statement received

**Written statement received

*Notes

Appendix B: Proposed placement of the five DHSC functions for each strategic option (Option 2 and Option 3)

DHSC Function	Option 2	Option 3
Strategic Direction	This positioning is **consistent across both options** — meaning that regardless of the structural model chosen, the DHSC would continue to lead on strategic direction, but with an emphasis on **collaboration** with Manx Care.	
Commissioning	The role is retained and strengthened, with DHSC responsible for setting strategic direction and commissioning services via the annual Mandate to Manx Care.	The position for commissioning at the DHSC is reframed to support joint strategic planning and integrated commissioning, rather than maintaining a fully separate commissioning function.
Governance Accountability	Governance accountability is structured around a clear separation of roles, with DHSC responsible for strategic oversight and commissioning, and Manx Care independently delivering services under a mandate—though current capacity and clarity gaps weaken effective oversight.	Governance accountability is shared between DHSC and Manx Care, promoting joint ownership of outcomes and integrated planning, but risks blurring responsibilities and diluting performance management without strong safeguards.
Regulation	Regulation is strengthened through the proposed Regulation of Health and Social Care Bill, which would expand DHSC's statutory oversight to cover all commissioned services—including private and 3rd sector providers—while maintaining clear separation between DHSC's strategic role and Manx Care's operational delivery.	Regulation would be embedded within a shared governance framework, requiring legislative updates to support joint oversight and performance management, but risks remain around blurred accountability and potential dilution of regulatory independence.
	OR Transfer to the Cabinet Office to ensure independence and avoid conflict of interest	
Transformation	Transformation remains led by DHSC, but is hindered by bureaucratic funding processes, lack of decision-making authority and limited strategic alignment—raising concerns about its effectiveness and sustainability.	Transformation would be jointly planned and delivered by DHSC and Manx Care, enabling better alignment with service delivery, but requiring stronger collaboration, cultural integration, and legislative support to succeed.
	OR Transfer to Manx Care given the alignment to service delivery	

Appendix C: High Level Recommendations – Fundamental Issues (refer to page 4)

Recommendation	
1) Develop a 5-10 year health and social care strategy (including clinical strategy)/plan for health and social care on the Isle of Man underpinned by a 3 year financial settlement	• Establish a clear, shared vision for health and social care that aligns with the Island Plan and reflects population needs. • Transition from the current one-year mandate to a multi-year funding model (3 years) to support strategic planning, pathway development, and transformation. • Ensure funding stability and predictability to enable long-term service delivery and reform. • Undertake a comprehensive population health needs assessment to inform funding decisions. • Position Public Health centrally within strategic planning to influence policy and address wider determinants of health. • Prioritise prevention and early intervention as core pillars of the long-term strategy. • Align funding with the actual health needs of the population and strategic priorities. • Link strategic goals to funding, workforce, digital transformation, and service redesign. • Align financial strategy with the DHSC Mandate, Island Plan, and departmental priorities. • *Note: The Auditor General is currently undertaking work on value for money.*
2) Strengthen engagement between Treasury, DHSC and Manx Care ensuring alignment of budget and strategy	• Foster better relationships and engagement between the Treasury, the DHSC, and Manx Care building trust and improving collaboration. • Treasury should take a proactive role in facilitating strategic financial discussions and supporting cross-departmental engagement, particularly in Mandate development and funding decisions. • Clearly define and communicate the roles and responsibilities of the Treasury Business Partner, Manx Care's Finance Director, and the Improvement Director. This will help avoid potential duplication of roles and ensure that each position contributes effectively to financial governance and management.

Recommendation	
3) Strengthen partnership arrangements between DHSC and Manx Care	• Recruit permanent leadership within the DHSC and focus on reducing the high turnover of interim appointments to support strategic continuity, improved accountability, organisational stability, effective collaboration and cultural leadership. • Improve the quality and consistency of board oversight, including consideration of political representation on the Manx Care Board. • Simplify decision-making pathways and reduce duplication between DHSC and Manx Care.
4) Develop and implement a commissioning strategy supported by aligned service specifications	• Develop and implement a commissioning strategy aligned to population health needs and costed service specifications. This should be supported by a longer-term strategic plan. • Develop a transition plan outlining the various stages of commissioning strategy implementation over the short, medium and long term. • Build commissioning skills within DHSC, including procurement and contract management expertise. • Review and define the approach for commissioning and funding of health and care services from the 3rd sector. This will require review of all 3rd sector commissioning to identify service criticality/need, and funding requirements (including financial sustainability). • Develop and maintain accurate, costed service specifications to reflect the true cost of service delivery. • Ensure service specifications are regularly updated and used to underpin funding allocations.
5) Integrate and strengthen communication functions	• Adopt a more collaborative approach across DHSC and other government departments. • Develop a unified communication framework that includes DHSC, Manx Care, Treasury, and other departments to ensure consistent messaging and strategic alignment. • Ensure that the priorities and approaches to achieving the plans are clearly communicated and understood by all stakeholders. This includes providing clarity on the core services, funding envelope, and performance expectations set out in the Mandate.

Recommendation	
6) Define the shared service model for health and social care	• Appoint a Government Executive Director with overarching responsibility for all shared services performance and delivery. • Review the capability and capacity within the current shared services model to establish if it can effectively provide the mandated services. • Introduce KPIs and service level agreements (SLAs) for all shared service functions to enable monitoring and accountability. • Ensure shared services are equipped to support specialist functions, particularly in HR, finance, and digital.

Appendix D: Recommendations for Option 2 - Full implementation of Sir Jonathan Michael Independent review recommendations

Note: High Level Recommendations - Fundamental Issues also apply for Option 2

Recommendation	
1) **Legislative Refinement**	**Review and update legislation, including:** • Amend the Manx Care Act 2021, including Schedule 1, to clarify board composition. • Update the Statutory Boards Act 1987 to reflect evolving governance structures.
2) **Strategic Commissioning and Oversight**	**Develop a Commissioning Capacity and Capability**: • Build capacity to lead strategic commissioning, supported by costed service specifications and population health needs assessments. • Establish a comprehensive commissioning strategy that aligns with population health needs and includes a clear understanding of service costs. This strategy should be supported by a longer-term strategic plan covering 3, 5, and 10-year periods • Ensure regular governance and oversight reviews.
3) **Financial Sustainability and Alignment**	**Establish a Longer-Term Strategic Funding Model:** • Undertake a comprehensive baseline assessment using a population health needs assessment to establish a realistic funding model for the island. • Develop costed service specifications, reflecting the true cost of delivering services and meeting the health and social care needs of the population. • Ensure clear alignment of the Island Plan, Mandate, Operating Plan to ensure clarity of strategic direction and intent • Transition from the current one-year mandate to a longer-term funding model spanning 3 years to support pathway development and transformation and alignment with strategic objectives and the Island Plan. • Alignment of funding allocations to the Mandate. • Development of collaborative engagement between the Treasury, the DHSC and Manx Care in strategic funding discussions and mandate development to ensure coherence and support.

Recommendation	
4) Policy Development	**Policy Development & Engagement:** • The DHSC should establish a clear and inclusive policy development framework that defines its role in shaping policy, ensures alignment with ministerial priorities, and embeds early, transparent, and diverse stakeholder engagement throughout the process.
5) System Transformation	**System transformation focus:** • Implementation of digital transformation, data integration, and workforce planning to modernise service delivery. • Advancement of locality-based care models and integrated pathways, including the "Home First" approach.
6) Public Health & Prevention	**Collaboration with Public Health:** • To support the undertaking of population health needs assessment. • To influence policy and address wider determinants of health. • To embed prevention and early intervention as core strategic priorities.
7) Governance and Cultural Alignment	**Improvement of governance frameworks:** • Clarify roles and reduce duplication between DHSC and Manx Care, ensuring the DHSC is focused upon strategic leadership, policy setting, and regulation, while Manx Care should handle operational delivery. • Ensure meetings are focused and promote system-wide stewardship, including engagement with healthcare professionals to drive continuous improvement.
8) Regulatory Expansion	**Implementation of regulation:** • Implement the Regulation of Health and Social Care Bill 2026 to expand DHSC's regulatory scope across all commissioned services.
9) Engagement and Transparency	**Significantly strengthen communications and engagement by:** • Develop a unified communication framework that includes DHSC, Manx Care, Treasury, and other departments to ensure consistent messaging and strategic alignment. • Improvement of public-facing communication and transparency to build trust and confidence in the system. • Engagement of clinicians, service users, and 3rd sector partners in strategic planning and service design.

Appendix E: Recommendations for Option 3 - Strengthened partnership between Manx Care and the DHSC

Note: High Level Recommendations - Fundamental Issues also apply for Option 3

Recommendation	
1) Legislative Reform	**Review and update legislation, including:** • Amend the Manx Care Act 2021 to define shared responsibilities and enable joint working arrangements. • Update Schedule 1 to clarify board composition and political representation. • Enhance the Mandate Framework to codify collaborative planning and joint performance review mechanisms. • Introduce provisions in the Health and Care Services Bill to support integrated commissioning and shared governance structures.
2) Governance and Oversight	**Effectiveness of the governance frameworks:** • Establish joint governance forums and reporting mechanisms to ensure transparency and shared accountability. • Align the Operating Plan and Mandate to reflect joint strategic objectives and financial commitments. • Develop a strategy board to include ministerial, political, Treasury, the DHSC, Manx Care and Public Health representation and retain the Manx Care Board to focus on operational delivery
3) Strategic and Financial Planning	**Strategy Development:** • Develop a unified strategic plan that integrates service delivery, workforce, digital transformation, and financial sustainability. • Create a shared financial strategy and capital investment plan aligned with the Island Plan and long-term service needs. • Improve coordination with Treasury to support joint budgeting and resource allocation.
4) Cultural and Leadership Alignment	**Leadership development:** • Promote a unified leadership culture through joint leadership development programmes and shared values. • Address cultural misalignment by embedding collaborative behaviours and mutual accountability across both organisations.
5) Operational Integration	**Integration of systems and processes to:** • Streamline shared services (e.g. HR, finance, IT) to reduce duplication and improve efficiency.

Recommendation	
	• Support integrated care pathways and community-based models such as “Home First” to improve patient outcomes.
6) Stakeholder Engagement	**Strengthening of communications and engagement to:** • Increase opportunities for clinicians, service users, and 3rd sector partners to influence policy and service design. • Improve public-facing communication to build trust and understanding of the integrated model.
7) Safeguards Against Risks	**Risk management mechanisms:** • Implement governance safeguards to prevent role blurring and performance dilution. • Maintain clear boundaries between strategic and operational functions to avoid political interference.

Appendix F: Tactical Recommendations arising from the review

Ref	Recommendation
GOVERNANCE	
1	**Broaden DHSC Committee Membership and Review Attendance**: Include a diverse range of stakeholders and clarify attendance requirements, considering alternate or co-chairs if necessary.
2	**Regularly Update Terms of Reference (ToR)**: Ensure ToR reflect current strategic priorities, scope, membership expectations, and responsibilities.
3	**Programme Tracking and Assurance**: Create a clear annual work programme aligned to the Department Plan that includes scheduled receipt and review of external reports and assurance activities.
4	**Enhance Meeting Paper Quality and Agenda Purpose**: Enforce standards for cover sheets, decision points, and inclusion of risk, financial, and communications implications. Ensure agenda items are purposeful and strategically linked to committee objectives and outcomes.
5	**Develop and Standardise Decision-Making Frameworks**: Create a structured decision-making framework to support consistent and transparent governance. Standardise decision-making protocols, especially for financial approvals and programme changes, and establish a formal decision log separate from meeting minutes to improve traceability
6	**Implement Robust Assurance Mechanisms**: Enforce regular reporting on quality metrics, risk, and improvement initiatives. Operationalise the Quality Assurance Framework (QAF) with clear reporting lines and accountability for each mechanism. Create a central tracker for recommendations and actions arising from inspections, reviews, and external reports to monitor progress and impact.
7	**Establish Consistent Reporting Frameworks**: Implement a consistent reporting framework with dashboards, RAG ratings, and risk summaries in every report.
8	**Strengthen Risk Management:** Ensure that risk management and escalation expectations are clear.
9	**Enhance Transparency and Oversight**: Introduce performance metrics and funding status indicators to improve transparency and oversight.
10	**Enhance oversight by integrating assurance flows:** From providers and external bodies into committee reporting.

Ref	Recommendation
11	**Effectiveness of Governance Framework:** a. Schedule periodic effectiveness reviews of the committee's operations and impact. b. Ensure that the monthly mandate meetings are well-organised, with clear agendas focused on specified priorities. c. Align Data and Reporting: Align the data used in meetings with the high-level Mandate objectives and measures. Address gaps in financial reporting and ensure that there is a clear and structured approach to discussions regarding risk management.
EFFICACY & OUTCOMES	
12	**Align Transformation Team with Service Delivery**: Consider relocating the transformation team to Manx Care. This alignment would ensure that the team is closely integrated with service delivery and can effectively implement changes.
13	**Streamline Decision-Making and Funding Approval**: Simplify the decision-making process and reduce bureaucratic delays in approving transformation funding. This will enable timely delivery and achievement of transformation projects, which are crucial for Manx Care's cost improvement programme.
14	**Secure Multi-Year Funding**: Advocate for multi-year funding approval to facilitate long-term planning and implementation of transformation projects. This will help in achieving sustained improvements and avoid the limitations of annual funding cycles.
15	**Policy Development & Engagement:** The DHSC should establish a clear and inclusive policy development framework that defines its role in shaping policy, ensures alignment with ministerial priorities, and embeds early, transparent, and diverse stakeholder engagement throughout the process.
16	**Regulatory Inspection:** a. **Assessments:** There should be a framework for the undertaking of regular assessment, to establish benchmarks and monitor progress over time. These assessments should be integrated into the overall regulatory framework to ensure continuous improvement and adherence to standards. b. **Enhancing Quality:** Improve the quality of regulation and inspection reports presented to the Quality & Safety Committee. These reports should include comprehensive information on outcomes, risks, and quality improvement initiatives to provide a clear picture of the current state and areas needing attention
ACCOUNTABILITY	
17	**Parliamentary Scrutiny:** Consider expanding the role of Tynwald committees in scrutinising: a. Manx Care's performance.

Ref	Recommendation
	b. Ministerial oversight. c. Value for money and service quality
18	**Define and Document Delegated Authorities:** Ensure that delegated responsibilities (from the Minister and the DHSC to Manx Care are clearly documented, reviewed annually and supported by appropriate governance and risk controls.
19	**Risk Management:** Implement a robust risk management framework that clearly assigns ownership of strategic, operational, and financial risks, integrates risk into decision-making, and ensures regular oversight through internal audit and the DHSC assurance mechanisms.