APPENDIX 1

Annual Governance Statement (AGS): Progress on Addressing 2019/20 AGS Significant Issues Identified

Issue	2019/20 Issue/Actions to be taken	Responsible officer(s)	Half Year Progress Update – November 2020
1. Children's Services Financial Position *(Brought forward from 2017/18)*	The Children's Services budget position continues to face demand pressures in 2019/20 in line with those experienced in 2018/19, due to an increase in the volume of work being referred to the Social Work Service and sustained pressure on the out of borough budget due to the number of placements and complexity of needs. The number of social workers with higher than the recommended caseload is also a concern. These issues have led to a need for an increase in social workers to manage demand. The Portfolio continues to mitigate demand pressures as far as possible and is utilising underspends on other areas of activity to offset placement pressures to reduce the portfolio's forecast overspend. Measures have been implemented to manage the "front door" and assessment activity more effectively, and the Department continues to explore options to re-focus, and build capacity, in more cost-effective 'in-house' services. However, these strategies will take at least twelve months to impact on the whole of the service in order to affect real change and before there are fewer numbers of 'looked after' children and a resultant reduction in the cost pressures.	Director of Children's Services	The portfolio has invested in strategies to reduce demand, such as the introduction of the Children's Advice and Duty Service, which is already having a positive effect in driving down both the number of referrals into the department and the caseloads of staff within social work teams. It is expected that this in turn will have a knock on effect on staff retention and result in a reduction of sickness absence, therefore reducing the need to recruit expensive agency staff. The strategies highlighted above, alongside further recruitment of our own internal foster carers, should all contribute to driving down expenditure on externally commissioned placements, which is the largest contributing factor to the financial pressures facing the portfolio. In acknowledgment of this pressure, and to assist with closer tracking of placements, the Finance Department now have a representative at the commissioning review panel meetings. The frequency of these meetings has also now been increased. Whilst every effort will be made to reduce the dependency on externally commissioned placements, the numbers having already reduced significantly in the last 12 months, this remains a volatile area where factors such as large sibling groups

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			remain beyond the control of the department and can have a significant impact on budgets. If we compare the currently forecasted position for 2020/21 on externally commissioned placements with the final position at outturn in 2019/20, we see a substantial reduction in expenditure of over £2m. This is in spite of the additional budget pressures experienced due to the Covid pandemic. The true impact of Covid remains to be seen however and there remains the potential for numbers and costs to increase. The portfolio will continue to maximise the use of available sources of external funding and is currently working closely with partner organisations on a joint commissioning framework for children and young people, which involves an agreement of tri-partite funding for specific care packages split evenly across Social Care, Education and Health. The funding panel meetings are being held regularly and to date over 40 cases have been approved for joint funding. Once this additional income from Health is factored into the monitoring position, it will reduce the forecasted position further still.
2. **Adult Social Care Commissioning**	Pressures for 2019/20 have increased due to the uplift in provider rates whilst the baseline budget remained unchanged. This was managed within the Portfolio during 2019/20 but cannot be sustained in the longer term due to the risk of market collapse, burn out or lower	Director of Adults & Prevention	A comprehensive range of Demand Management strategies remains in situ and the department is ensuring that accurate tracking processes against trends are in place. However, the ability to deliver those demand management strategies is

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	assurance and quality. Providers are also being more commercial and selective, and there is diminishing resilience in the sector with the potential that providers may withdraw from the market. A comprehensive range of Demand Management strategies remain in situ and the impact that these are having will continue to be monitored during 2020/21. These are designed to delay, deflect or offer alternative solutions. An associated action plan has been developed to ensure adherence at every level within the department. This includes scrutiny of decision-making and commissioning spend. However there is a risk that complexity of cases and morbidities start to rise which would increase budget pressures. **Half year Issue Update:** As is the case each year the department sees pressures on the Commissioning budget around care sector prices due to the cost of the National Living Wage. The Council has no other option other than to acknowledge this payment otherwise the sector would not be sustainable, indeed many providers are identifying a risk to their ongoing sustainability as they believe the Council's uplifts do not meet the true cost of care within the sector. As far as possible these additional costs are factored in to the Council's Medium Term Financial Strategy however there continues to be a significant risk to BWD's care		challenged by the pandemic and the current situation in respect of hospital discharge. The department have continued to invest in the Complex Case Team who are working on CHC/Complex case trackers to reduce costs across a number of complex placements as far as possible. The department has a strong monitoring and management approach and the recent merger of ASC Finance with the Commissioning Team is enhancing this approach. We continue to monitor commissioning activity and spend very closely, and are working across the health and social care system to develop the market to respond to the care needs of our population and provide value for money. The commissioning budget at the half year point is in a good position. However as advised in the commentary on the budget, the full impact of Covid-19 and the winter season are not yet known. There are challenges of seeing higher levels of demand from the hospital discharge process being prioritised due to Covid and the very significant impact of many services being stood down impacting on further deterioration of independence. A further surge and Covid 2nd Wave likely to double the impact on Adult Social care, particularly as we head towards the Winter

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	economy resulting from having a low starting base compared to near neighbours. The care market has been hit significantly by Covid-19 and this is most certainly likely to result in a change in the market with the Council seeing inflation/general care costs significantly higher than in previous years. Also there is potential for some providers to exit the market, impacting on the local authority's ability to meet its statutory duties. Occupancy levels within the residential and nursing sector have fallen due to Covid-19, with some providers struggling to maintain their provision within the care market. The department continues to support providers to provide some stability but this does result in significant pressure on social care activity and financial costs.		period.
3. **Impact of COVID-19 on the financial position of the Council**	The Council is experiencing increased costs, significant loss of income, and has received insufficient government funding to respond to the issues arising from Cov-19. The position is exacerbated as the Council's capacity to address the financial position arising from the required response to the virus is limited, given the low level of Unallocated and Earmarked Reserves at its disposal. **Half year Issue Update:** As reported to Policy Council on 3rd December 2020, we are facing significant financial	Chief Executive and Directors	Work to collate both the actual costs incurred and the income lost due to Covid-19 has continued throughout the year, and we will continue to review and refine the assumptions, on which the forecasts are based, over the remainder of the financial year. The Revenue Monitoring Report approved by the Executive Board on 12 November 2020, noted a gross forecast overspend of £19.241 million for the year across all the portfolios due to the financial impact of

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	pressures from the increased costs and losses of income due to the pandemic. Some of the additional financial pressures we are currently forecasting for the year, as reported in our latest monthly Covid-19 financial return to MHCLG, include: £7.252 million on Adult Social Care including the costs of PPE, the costs of setting up the food hub and associated costs to distribute food to shielded and vulnerable groups, providing support to the social care market and meeting the additional demand pressures arising due to Covid-19. £0.842 million on Children's Social Care, including the additional costs of care packages for extended placements due to the pandemic £1.367 million on testing, contract tracing and outbreak management £10.113 million in respect of the loss of sales, fees, charges and commercial income.		Covid-19; this figure excluded the losses from Council Tax and Business Rates, which are currently forecast at £1.37 million and £7.925 million respectively. The Government has provided several funding packages for local government over the course of the last 8 months. These have assisted in addressing the budget pressures noted above, and other specific costs incurred in responding to the crisis. To date we have received £15.03 million in general Covid-19 Grant funding. Further financial support is to be made available to assist in meeting a proportion of the losses in respect of Sales, Fees and Charges based on a set of eligibility criteria issued by MHCLG. The first of these claims was completed at the end of September. Based on the work undertaken to forecast the total eligible losses under this scheme, we estimate that we should receive £5.75 million for the year. In respect of losses on Council Tax and Business Rates, the government has also passed legislation to provide for their recovery over a period of 3 years from 1st April 2021. The size of the net 2020/21 forecast overspend due to Covid-19 has decreased

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			significantly over the course of the first 6 months of the financial year as the government has fed through various tranches of financial support to assist. We are however, very much mindful that our forecasts and assumptions are based on the information available at the current time; these may well change over the remainder of the year, dependant on the impact of the 2nd wave of the pandemic, the demand pressures over the course of the winter and given the possibility of a 3rd wave.