

## APPENDIX 1

### Annual Governance Statement (AGS): Progress on Addressing Significant Issues Identified in the 2020/21 AGS

Issue	2020/21 Issue/Actions to be taken	Responsible officer(s)	Half Year Progress Update – November 2021
<p><b>1. Children's Services Financial Position</b> (Brought forward from 2017/18)</p>	<p>The Children's Services budget position continued to face demand pressures in 2020/21 and these are expected to continue into 2021/22. However, the portfolio managed to reduce expenditure substantially during 2020/21 in comparison with 2019/20, as the strategies implemented to reduce demand have proven to be successful.</p> <p>In addition, the work conducted to establish a joint commissioning framework with Health has brought in additional contributions towards placement costs and packages of care.</p> <p>The final outturn position for the portfolio will be heavily dependent on the allocation of funds awarded to the Council in relation to Covid-19</p>	<p>Director of Children's Services</p>	<p>The financial position reported to Executive Board at quarter 2 was a forecasted overspend of £1,736,000. This is was an increase on the position reported in quarter 1.</p> <p>The portfolio continues to monitor externally commissioned placements and indications are that expenditure within this area is likely to increase over the remainder of the year.</p> <p>A review of the resourcing requirements in relation to placement costs is currently underway. Work is also ongoing to review various commissioned services across the portfolio and we are looking to agree a sub-regional framework with Independent Foster Care agencies, alongside Lancashire, Cumbria and Blackpool, in order to secure access to locally based foster care placements. The ongoing joint commissioning panel arrangements with Health are now in their second year and this is expected to bring in significant contributions in 2021/22.</p> <p>The portfolio continues to be impacted by Covid-19 as we have seen increased demand during the early part 21/22. Courts are also facing a backlog of cases which has resulted in children remaining in</p>

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			placements for longer than would be expected. These impacts are expected to continue for up to 18 months.
<b>2. Adult Social Care Commissioning</b> <i>(Brought forward from 2019/20)</i>	<p>Pressures for 2020/21 have continued within the Adults Commissioning budget due to increased demand for social care services. Costs within the Commissioning budget have escalated over the winter months due to Covid-19 and we are beginning to see an increase in the acuity of care needs as a direct impact of the Covid-19 pandemic.</p> <p>Some of our providers have been impacted significantly by Covid-19 and have suffered much reduced levels of occupancy within their care homes. As such, the Portfolio has provided occupancy payments during the course of the pandemic to support those providers and to enable providers to maintain financial sustainability and reduce the risks of providers of exiting the market.</p> <p>The portfolio is also starting to see pressures from the mental health service pathways with more cases being reported where there is a shortage of crisis and rehabilitation beds.</p> <p>Ability to recruit and retain workforce is also a growing concern and may require the council to further prioritise services in order to keep our most important services resilient. In particular recruitment in re-ablement and crisis support remains a challenge. The registered care and domiciliary care sectors are also impacted by</p>	<p>Strategic Director Adults, Health and Strategic Commissioning People</p>	<p>The half year position for the portfolio is broadly break even against the approved portfolio cash limit.</p> <p>The portfolio is beginning to see budget pressures within its Commissioning budget due to increased demand for domiciliary care and increases in the cost of individual care packages due to acuity of needs however these are offset with backdated Hospital Discharge Support funds from the NHS and a backdated claim and ongoing agreement for CHC funding for one individual complex package of care. Hospital Discharge Funds are only available until March 22 and it is likely commissioning pressures will continue over the coming months due to winter demand.</p> <p>There are underspends within non commissioning relating to staff vacancies which further offset the commissioning pressures however these vacancies are not permanent and are predominantly due to the difficulties being experienced by the whole sector in recruiting social care staff.</p> <p>Occupancy levels remain low in the residential and nursing sector having fallen significantly during the pandemic, with</p>

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	<p>workforce pressures.</p> <p>Recent engagement with providers in relation to the Provider Fee uplifts has further highlighted the escalating costs of care as a direct result of the Covid-19 pandemic.</p> <p>In addition, the portfolio has incurred additional staffing costs and commissioned costs around Crisis support as a direct result of the pandemic.</p> <p>The department has a strong monitoring and performance management approach to commissioned care but there are significant improvements which can be made. The benefits of merging ASC Finance with the Commissioning team are now evident in the work we are beginning to do across the team to review services, together with our work across the wider Lancashire and South Cumbria system and ADASS groups on market shaping and the development of our commissioning strategies but this remains challenging within existing resources and the Covid-19 response.</p>		<p>some providers struggling to maintain quality or struggling to maintain their provision within the care market with many providers of care struggling to retain existing staff or recruit new staff. Workforce challenges within the care sector are a national problem and many Local Authorities are beginning to highlight problems allocating care packages and staffing some care settings. Thus far we have been able to manage any staff crisis in homes by flexing our own in house staffing team but given we are now seeing the same difficulty in recruiting staff, the social care workforce capacity has now become a key risk for the department and the Council.</p> <p>Our ongoing engagement with providers continues to highlight the significant challenges they face following the pandemic (Insurance, PPE, Infection control and staffing). These issues are highlighted across the sector at a national level and our negotiations for Providers fees into 22/23 are likely to be very challenging as more and more providers believe our fees do not match the real cost of care and are raising concerns regarding their sustainability. In addition to providing for National Living Wage increases, providers are requesting the 'Real Living Wage' to try and attract employees into the sector requesting that the Authority begin to</p>

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			<p>address the risks associated with our low starting base for fees in comparison to our nearest neighbours. As far as possible these additional costs are factored in to the council's Medium Term Financial Plan. However our current provision is likely to be insufficient and the uplift required unaffordable.</p> <p>The Government have announced Social care reforms which will impact on levels of client contribution to care but at this stage it is difficult to quantify the real impact on the commissioning budget. The Government have stated that Social Care Reforms should result in additional funding for Social Care but the details are yet to be confirmed.</p> <p>The Social Care White paper has also been published and builds on the reforms mentioned above, that were announced in September 2021.</p>
<b>3. Long term financial sustainability of the Council</b>	<p>The Government has provided numerous funding packages for local government over the course of the year, and will continue to do so in the first quarter of 2021/22. These have ensured that the council, unlike several other authorities publicised in the national press, has not had to issue a Section 114 notice, nor has it had to seek further financial assistance and intervention from central government.</p>	<p>Chief Executive and Directors</p>	<p>The Council has continued deal with the impact of the Covid-19 Pandemic, doing so with financial support from the Government, albeit at a lower level than has been the case in the earlier part of the emergency.</p> <p>On the basis of the latest budget monitoring exercise undertaken at the end of September 2021 (Quarter 2), the</p>

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	<p>As the continuing response to and recovery from Covid-19 spans financial years, funding received in the financial year 2020/21 can be carried forward into 2021/22 to support ongoing response and recovery work with a final outturn to be provided to Government in June 2022. Indeed the specific funding will be critical during 2021/22 as we deliver Covid-related activity alongside more Council services returning to business as usual.</p> <p>To support our continued emergency response into and throughout the current year, 2021/22, resource will continue to be made available for front line activity including site marshals, testing team, public protection, education/social care/crises response and our core public health Covid incident management teams. We will also retain a focused Covid programme management team to co-ordinate activity such as governance, reporting, communications, testing, contact tracing, vaccination support. We will also ensure all of our council premises and spaces remain safe and Covid -secure. This more dedicated response resource will enable other services to focus on returning to business as usual as far as is possible in the circumstances.</p> <p>As with other public sector organisations,</p>		<p>Council is forecasting an overspend of £5.8m which is a slightly improved position when compared to the position at Quarter 1 (where the forecast overspend was £6.6m). In considering this matter, the Executive Board have noted the position, accepting that it is early in the financial year and that further work is necessary to consider ways in which the budget for the year can be balanced. As ever, the budget will continue to be monitored and where it is considered necessary, action will be taken to ameliorate the position.</p> <p>Updates to the Council's Medium Term Financial Plan for the period to 2024/25 continue to be produced and reported to the Corporate Leadership Team, the Policy Development Session and Strategic Leadership. Following the Autumn Budget and Comprehensive Spending Review 2021 announcement in October 2021, at the time of writing the Council is awaiting the imminent release of the provisional Local Government Finance Settlement which should provide a firmer indication of the Council's funding for 2022/23 (and hopefully the medium term). As those details are awaited, work is continuing</p>

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	<p>we are also dealing with a backlog and rise in demand across many of our services including social work support for vulnerable adults and children, legal, registrars, public protection, youth provision, employment and business support. To acknowledge the adjustments to services in continuing to respond to the pandemic, and operate within Covid-safe guidelines, we have allocated additional resource in this first phase to manage increased demand and provide capacity to deal with backlogs due to Covid-19.</p> <p>The financial position is made more uncertain due to the provision of a one year funding settlement from Government for 2021/22, the challenges arising from the continuing impact of Covid in the Borough and the financial response these will require, and the longer term impacts on income streams, service needs, ability to make savings and ability to collect local taxes, alongside business as usual activity. The financial impact of Covid on the Borough will need to be measured over the long term not just the next financial year.</p>		<p>on the development of the Council's budget for 2022/23 including the development of options to meet an anticipated funding shortfall, necessary to ensure the Council has a sustainable budget over the medium term.</p>