



**CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE**  
**Paper for the Board Meeting on 23 January 2019**  
**FINANCE REPORT**

**KEY POINTS**

- The management accounts for the end of December 2018 show no areas of concern with spend continuing to fall broadly in line with the profiled budget.
- Frontline managers continue to be under tremendous pressure to deliver services within the constraints of both key performance measures and quality in the face of a continuing rise in demand and the continuous rise in 'open cases' live in the family justice system at any one time, such as the rise in the number of s7 reports in private law cases proportionate to the number of new applications.
- During the final quarter (q4), CMT will continue to monitor carefully the rate of expenditure, the impact of continuing rising demand on spending requirements and retention of the residual corporate contingency to ensure no overspending in the final months of the year.

**1 AIM AND PURPOSE**

- 1.1 To provide an update about the financial position for the current year.

**2 RECOMMENDATIONS FOR THE BOARD**

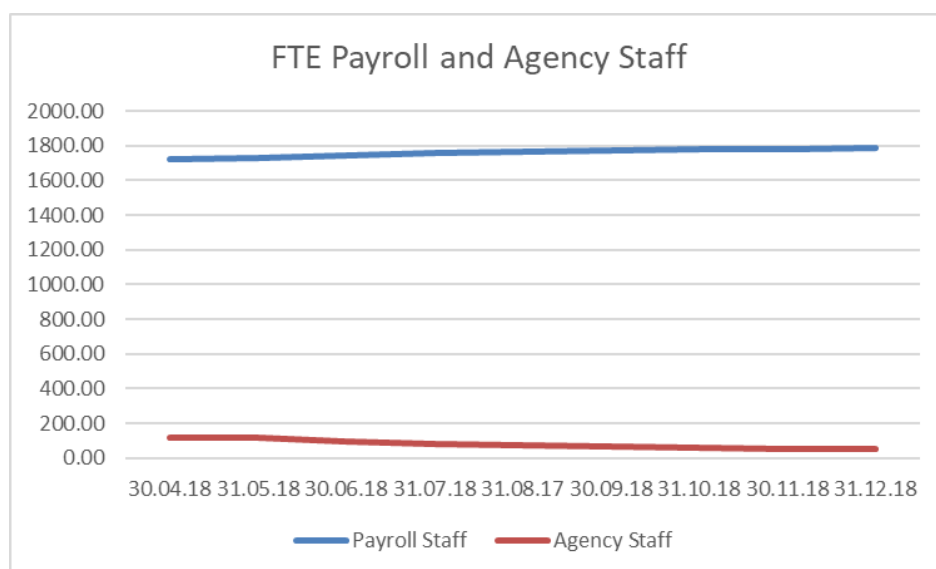
- 2.1 To note the financial results for the current year.

**3. EXPECTED FINANCIAL POSITION FOR THE CURRENT FINANCIAL YEAR**

- 3.1 The management accounts for the end of December 2018 show no areas of concern with spend continuing to fall broadly in line with the profiled budget. Having taken a cautious approach to budget allocation and approval of new spend in the early part of the year, the Corporate Management Team has now formalised allocations for the remainder of the year. These allocations include an additional sum from the Corporate Contingency to frontline operational area spending (£0.100m) and the release of funds for priority re-procurements (including bringing additional laptops into Hardware As A Service where numbers have been critically depleted). Additional funds have also been allocated to bring the outstanding PNC checks up to date following a number of disruptions of access to the PNC system (across both the Cafcass end and the PNC host itself). Crucially, funding has now been identified to improve our IT network capability (WAN) by upgrading to fibre connectivity, which will almost certainly transform network performance in the offices worst affected.
- 3.2 These results also reflect the inclusion of the back-pay element of the interim pay award agreed with the MOJ. This enabled the making of an interim award prior to Christmas in line with the MOJ's own overall pay award ceiling. Further work on a second business case to seek to bring the combined award in line with the broader social work sector is in hand. The forecast reflects the sums set aside for the combined award, which formed the basis of budget setting this year.
- 3.3 The balanced forecast position is reflective of the position across both operational budgets and the national and corporate budget areas combined. A summary of the spend against budget at the nine months stage and the forecast spend for the remainder of the year is set out below. The budget below is inclusive of additional grant income for contact activities commissioned for the MOJ (£1.659m) and Annually Managed Expenditure relating to movements in provisions and end of year pension accounting adjustments (£10.287m).

	<b>£'000</b>
Budget April to December 2018	89,839
Spend to date, April to August 2018	90,544
(Overspend) at 31 <sup>st</sup> December 2018	(705)
Budget January 2019 to March 2019	42,327
Forecast spend January 2019 to March 2019	41,622
Forecast Outturn variance	nil

- 3.4** Appendix 1 shows the split and performance of spending between Admin and Programme spend which are separate allocations and control totals. Appendix 2 also sets out the analysis of spending between Admin and Programme, but here for the purposes of maximising resources to frontline services. Appendix 3 sets out the year to date and forecast performance across the main operational, national and corporate budgets. While these show an excess of spend compared to budget at the nine-month stage, this relates to the timing of spend on particularly ICT related contracts compared to when the spend was initially planned to take place.
- 3.5** The Statement of Financial Position (SOFP) at the end of December 2018 has also been included at Appendix 4. Current assets mainly comprise pre-paid expenditure and amounts due from MOJ for services commissioned on their behalf since the start of the financial year. Other Current assets mainly comprise the Cafcass Bank Account which had a balance at the end of the month within the tolerance set by MOJ but also sufficient to cover any emergency payments prior to receipt of the next monthly drawdown of grant funding. Current liabilities are substantially accruals pending receipt of invoices for goods and services already received. Non current liabilities comprise in small part the provision for dilapidations on leasehold premises. The substantive liability and item on the SOFP is the pension liability which will carry through the year at its last valuation being 31 March 2018, until the next revaluation at the end of March 2019.
- 3.6** The latest number of staff employed and on temporary and agency contracts is set out below. The trend reflects the increase in permanent staff enabled through additional funding in 2017/18. There are no formal targets for the level of agency staff. The strategy is to have a stable flexible workforce within budget, that include a mix of permanent/agency/bank and Cafcass Associates. It continues to be the case that no one team is disproportionately represented by agency staff.



#### **4. KEY STRATEGIC ISSUES FOR THE BOARD TO CONSIDER**

- 4.1** The cautious approach to allocating a 'safe minimum budget' to budget holders during the early part of the financial year has protected the bottom line position. Frontline managers are under tremendous pressure to deliver services within the constraints of both key performance measures

and quality in the face of a continuing rise in demand and the continuous rise in 'open cases' live in the family justice system at any one time. Additional funds have been allocated to provide some relief against this. The financial risks of the IT transition have largely now resolved and settled within the range expected. Aside from the rate of increase in demand, the remaining financial planning risk relates to the outcome of the supplementary Pay Award approval process. This budget reflects and funds the intended award where making a pay award in line with the sector average is considered vital to successful recruitment and retention this year. During this final quarter, CMT will continue to monitor carefully the rate of expenditure, the impact of continuing rising demand on spending requirements and retention of the residual corporate contingency to ensure no overspending in the final months of the year.

## **5 BENEFITS FOR CHILDREN**

- 5.1** The delivery of safe, high quality and timely services remains a priority for service delivery. In order to achieve this, a budget plan is needed that is sufficient in size and appropriately allocated across functions and geographic areas to ensure resources are available to support service delivery.

## **6 FINANCIAL ANALYSIS**

- 6.1** The financial implications of this paper are contained in the main body of this report.

## **7 RISK ANALYSIS**

- 7.1** General risks associated with the in-year and future year financial positions are discussed within the Strategic Risk Register. Continuing increases in demand always create financial pressures through the need to manage practitioner workloads and the quality of work. This is also the year in which our underlying technology transitions between suppliers and there have been separate financial risks associated with the exit and transition which have now been managed. The third area of financial risks relates to the children's social work sector pay strategy this year. While we have set aside sufficient funds to support a settlement in line with the sector, an interim award within the MOJ pay controls has been made with further work now in hand to seek approval for a second and final supplementary award.

## **8 DIVERSITY ANALYSIS**

- 8.1** Ensuring Equality and Diversity are central to all our work remains a key operational priority. In much the same way as ensuring the objectives of benefits for children are met through financial planning and management, so the active management of spending against a properly constructed budget will help ensure an equitable distribution of resources to enable equality of access to services.

**Anthony Douglas, Chief Executive**  
**Julie Brown, Director of Resources**  
**11 January 2019**