



CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE

Paper for the Board Meeting on 30 October 2009

FINANCE REPORT SEPTEMBER 2009 FINANCIAL RESULTS AND HIGH LEVEL FORECAST UPDATE

PAPER 1 FINANCE UPDATE

1 AIM AND PURPOSE

- 1.1 To provide the Board with an update on the financial position of Cafcass for the six months ended 30 September 2009
- 1.2 To provide the Board with an update on the forecast financial position for the current financial year.

2 ACTION FOR THE BOARD

- 2.1 To note the latest financial position.
- 2.2 To note the updated information on the full year financial forecast.

3 OVERVIEW

- 3.1 The organisations budget holders are due to deliver their second financial forecast for 2009/10 by the end of October. These forecasts should demonstrate the implementation and impact of measures put in place by the Chief Executive intended to balance the Cafcass budget for the current financial year.
- 3.2 These measures have had some impact to date although the September management accounts still show a high level of expenditure which drives an overspend in both the month and year to date.
- 3.3 Whilst this report falls before the detailed work on the forecasts is submitted, we are nonetheless able to provide an update to the Quarter One forecasts (see section 5) by overlaying the impact of the various containment measures taken together with the results of the detailed and recent discussions in the Star Chamber and Budget Task Force (South Operational Area) meetings. These have not yet resolved the projected budget overspend in the year, however any further reductions required

should be presented by the budget holders in their detailed forecasts. A summary of the actual forecast returns should be available to the Board for their meeting.

4 SEPTEMBER MANAGEMENT ACCOUNTS

- 4.1 The management accounts for September are summarised in Appendices 1 and 2. These tables show a continuation of overspend and the limited impact of containment measures so far in the year to date notwithstanding the relatively recent implementation of the actions brought to the Board at their last meeting.
- 4.2 The Operational Areas expenditure slowed from July to August (12.006M TO 11.033M) but then stayed level in September (10.937m). A more substantial impact is needed from the containment measures to achieve the ongoing reduced level of expenditure required for the outturn to sit within the required scope of the forecast position.
- 4.3 The overspend remains largely driven by commitments in excess of budget provision in the Workforce Budget, in particular the use of flexible workforce in excess of funds not used where there are vacancies within the establishment.
- 4.4 During the period since the last Board meeting Star Chamber sessions have been held between all relevant Heads of Service and the Chief Executive where targets for reductions in the forecast position have been agreed through the introduction of agreed containment measures. These revised targets will reduce the forecast outturn position to the extent they are implemented in full. As indicated, the proximity of these meetings and agreements to this and prior Board meetings provides only limited scope for expenditure reductions in the year to date position.
- 4.5 In addition the Budget Task Force has met to consider the position at service level within the South Operational Area reinforcing the measures agreed within the Star Chamber and monitoring progress.

5 PROVISIONAL UPDATE TO 2009/10 Q1 FORECAST

- 5.1 The second financial forecast of 2009/10 will be available to the Board at this meeting but is being finalised after the dispatch of papers for this agenda. However we can begin to estimate an updated outturn expenditure using the star chamber agreed targets, other containment limits (eg estates projects), known changes in plans and provisional figures already communicated.
- 5.2 Containment action agreed with local service areas through the Star Chamber process gives rise to a reduction in the Quarter 1 forecast overspend of 2.1m. This would leave a balance of overspend against the initial forecast, 4.1m, of 2m. In addition, the estates team has confirmed that 0.730m of projected spend will not now take place. This would leave an unmitigated overspend in the order of 1.270m.
- 5.3 Initial revised forecasts from the South Operational Area are indicating a contained overspend in the order of 1.6m. This is higher than the planned overspend level and

further work is in hand to find ways of meeting the shortfall. The North Operational Area are forecasting an underspend in the order of 0.160m. The Central Area forecast has not yet been finalised but was projected at Quarter 1 at 0.870m. The Estates programme underspend is available to offset this overall position leaving a balance of 1.68m, compared to 1.27m above. As indicated in paragraph 5.2 there has been some slippage against target overspends in some areas, which must be found, together with containment of overspending in areas where the Star Chamber process has not imposed a target, in order to address the rise and balance of unmitigated overspend.

- 5.4 Elsewhere on today's agenda is a paper on the financial forecast and strategy beyond 2010 which uses an overspend of 1.5m in the current financial year as its starting point, notwithstanding the DCSF have made clear at the previous Board meeting that their requirement is for the budget to be balanced within the current financial year.

6 CASH

- 6.1 Our cash expenditure to date and forecast for the remainder of 2009/10 is summaries in Appendix 3.
- 6.2 Cafcass has held a cash balance within guidance limits throughout the year. Funding has been received from the DCSF in relation to Grant in Aid, Contact Services and Contact Point, per timetables set.
- 6.3 Our cash forecast suggests that the current forecast resource overspend, discussed above, will cause a cash pressure in the year. This is off-set to some extent by the agreement with DCSF to draw forward cash from 2010/11 to effectively cover the overspend in 2008/09. This allows us to draw an additional 3.1m of cash in this financial year, which will match the cash payments made earlier this year driven by the high resource expenditure at the end of last year.

7 BALANCE SHEET

- 7.1 A snapshot of the balance sheet is given in Appendix 4.
- 7.2 The balance sheet has remained relatively consistent through the year to date, with a slight recent increase in levels of accrued expenditure and the normal fluctuations in cash account balance.
- 7.3 We now invoice the DCSF for some funding elements, which can create large, short-term debtor balances. As with August to September, these will usually be resolved within one month.

Anthony Douglas, Chief Executive
Julie Brown, Director of Finance

