



CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE

Paper for the Board Meeting on 25 June 2010

FINANCE REPORT - MAY 2010 FINANCIAL RESULTS

1. AIM AND PURPOSE

- 1.1 To provide the Board with an update on the financial position of Cafcass for the two months ended 31 May 2010.

2. RECOMMENDATIONS/ACTION FOR THE BOARD

- 2.1 To note the latest financial position.

3. SHORT SUMMARY

- 3.1 The May Management Accounts show an underspend on the year to date position of £0.561m. This comprises underspends of £0.269m and £0.371m across operational areas and national office budgets respectively and an overspend on the Transformation Budget of £0.079m.
- 3.2 Budget holders are due to submit their first financial forecasts by 26th July 2010. A paper on these forecasts, along with an assessment of any risks to the financial position they present, will be brought to the next meeting of the Board and will be refreshed each month.

4. BACKGROUND

- 4.1 The vast majority of service areas are spending in line with their budget for the year to date. Any areas currently reporting spending at more than 3% over their budget for the year to date are reporting these initial pressures to be to be containable. Please see letter attached as Appendix 1. The potential pressure on Cafcass' full year budget from these issues, and possible mitigating steps, will be presented more fully with the Q1 forecasts at the next Board meeting.
- 4.2 The main potential pressure on the budget is from the Transformation Programme, which we now anticipate may cost close to £11m, rather than it's £10m budget. The first of the two areas of potential pressure relates to the risks to realisation of benefits assumed within the Business Case where delays to implementation of elements of both the National Business Centre and Estates Strategy will slow down the associated changes in Business Support structures which are driving the benefits deliverable in the current financial year. Further, the total value of bids under the Cash for Change element of the Frontline First Project exceed the initial allocation within the overall budget. The work associated with these bids is however

time limited where the actual level of expenditure incurred against estimates made within service areas bids will be

4.3 known at the close of the Quarter Two results. At this stage however a prudent approach is recommended by ring fencing £1m of our contingency to cover these risks. This currently leaves an unassigned contingency of £1.9m, which is available to meet pressures in service areas.

4.3 The May 2010 management accounts showed expenditure within all the operational areas running below budgeted level for the month. The overall position for Operational Areas is a £0.269m underspend at the end of two months.

4.4 Whilst National Office as a whole has so far spent £0.371m less than budgeted, this is all due to actual expenditure happening later in the year than budgeted. This includes estates projects (£0.09m), IT work (£0.228m) and some commissioned partnership activity (£0.110m). These are off-set by increased Depreciation costs, which will abate through the year and be containable within the current over all budget.

4.5 A summary of the year to date position is given as follows:

	£m
Budget profiled April – May 2010	21.460
Actual Expenditure to date April – May 2010	(20.899)
Underspend at 31 May 2010	0.561m

5 KEY STRATEGIC ISSUES FOR THE BOARD TO CONSIDER

5.1 These early management accounts show a steady position against the main revenue budget. Progress on the Transformation Programme is the subject of separate detailed reporting to the Board, including its financial position. At this stage of the financial year it is considered prudent to ensure any pressures on the latter can be accommodated by setting aside contingency funding to cover initial estimates of potential budget pressure. The remainder of the contingency budget being similarly set aside for now to manage any financial pressures that may arise during the course of the year.

6 BENEFITS FOR CHILDREN

6.1 The delivery of safe, high quality and timely services remain priorities for 2010/11. 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.

7 FINANCIAL ANALYSIS

7.1 Appendices 2-3 set out the detailed analyses of the May 2010 management accounts.

8 RISK ANALYSIS

8.1 The underlying position across the National Office budget is generally less volatile than that in the Operational Areas with fewer variable costs and the absence of

demand driven spending. At this stage the risks to the financial position of the Transformation Programme relate in part to the potential impact of the recent Budget Containment Measures issued by the Treasury to reduce public sector spending together with more general risks that slippage in progress of activities within the programme will in turn lead to slippage in spending.

9. DIVERSITY ANALYSIS

- 9.1 Ensuring Equality and Diversity are central to all our work is an important objective for service delivery. 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 CBE
Chief Executive
17 June 2010

Julie Brown
Director of Finance