



CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE

Briefing Paper for the Board Meeting on Friday 25 June 2010

BUDGET 2010

1. AIM AND PURPOSE

- 1.1 To provide the Board with an initial analysis of the impact of the Budget 2010 announcements.

2. RECOMMENDATIONS/ACTION FOR THE BOARD

- 2.1 To note the initial analysis set out below.

3. SHORT SUMMARY

- 3.1 On 22 June 2010 the Chancellor presented his Budget Statement to Parliament outlining a range of measures to address the current and forecast state of public finances. Of the range of measures three areas are considered of immediate interest and further information on these is set out below: departmental spending reductions, public sector pay settlements, VAT.

4. DEPARTMENTAL SPENDING REDUCTIONS

- 4.1 While the main delivery vehicle for a detailed review of funding settlements for April 2011 onwards is the Spending Review Framework, with its focus on Departmental submissions through Summer, the Budget confirmed the scale of reductions across the public sector in the order of 25% over the remainder of this parliament. The detailed analysis within the Budget Report does not provide sufficient further amplification to enable an interpretation of any specific impact for Cafcass on its own grant funding from April 2011, but scenario planning with spending reductions at an equivalent level should be considered in our own planning work through the Summer.

5. PUBLIC SECTOR PAY SETTLEMENTS

- 5.1 The Emergency Budget announced a two year pay freeze for public sector workforces, except for those earning a Full Time Equivalent (FTE) salary of £21k or less, who will receive at least £250 in these years. The policy, which applies for the period 2011-12 to 2012-13, covers all workforces under ministerial control – including the Civil Service, NHS, doctors, dentists, teachers, police, armed forces, prison officers. In addition, for public sector bodies who have not yet agreed pay settlements for the current financial year, then the freeze is expected to apply from 2010/11 but will expire a year earlier in recognition of this.

5.2 The key issues for Cafcass are:

- Our existing agreement from 1 April 2010 continues to apply as this was the final year in a three year agreement from 1 April 2008;
- All Band 1 and 2 staff will still be eligible for a pay rise next year (i.e. all of our Office Juniors and Administrators) so around 350 staff;
- All other staff will have pay frozen for 2 years starting 1 April 2011 through to 31 March 2013;
- All allowances are frozen meaning London Weighting will remain at the current level until 31 March 2013;
- Bonus payments are still allowed where they meet the criteria. However, in the Civil Service only the top 25% of performers will be eligible meaning that the existing Cafcass scheme could be retained or suspended as in 2009/10 at the discretion of the CEO.
- We will write to our staff in the next few weeks to confirm the implications and work these through in a consistent and fair manner recognising some of the challenges this will incur;
- We are working closely with our Unions and will be meeting with them in July to discuss some of the post budget implications and how we work together on some of our shared challenges over the next few years.

6 INCREASE IN VALUE ADDED TAX

- 6.1 The Budget announced the increase in VAT from 17.5% to 20% for goods and services delivered on or after 4 January 2011. Vatable spending within Cafcass in the current financial year is budgeted at c£25m. The 3 month impact of the 2.5% increase is likely to be a cost pressure in the order of £150k, with a full year impact in the order of c£600k. For now this looks to be mitigated in 2011/12 by the change in position on employers NIC increase which was of a similar order – but not entirely.

Anthony Douglas CBE
Chief Executive
23 June 2010