



Meeting	Board
Date	Wednesday, 20 January 2021
Title of report	Finance Report
Purpose	For information
Public/private report	Public
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KEY POINTS

- The forecast position for the full year is an overspend of £3.724m.
- This forecast incorporates the additional spending, approved by the Ministry of Justice, of £3.4m on operational capacity which we anticipate will be used in full.
- The forecast has reduced in light of the outcome of the pay award decision where provision had been made for an award slightly higher than that agreed by MOJ/HMT.

1. AIM AND PURPOSE

- 1.1 To provide an update on the in year and forecast positions for the current financial year.

2. BACKGROUND

- 2.1 Our management accounts at the end December 2020 show spend currently running below the budgeted level by £0.177m. Of this, £0.689m relates to the Operational Area budget and is substantially the effect of a reduction in Travel and Subsistence spending but represents an increasing monthly spend in line with the additional workforce enabled through the additional £3.4m authority to spending approved by the MOJ earlier in the year.
- 2.2 The forecast position for the full year is an overspend of £3.724m. This forecast incorporates the additional spending, approved by the Ministry of Justice, of £3.4m on operational capacity to carry the increase in open work held by practitioners, and increasingly service managers, as a result of the reduction in throughput of cases through the court system. The balance relates to the shortfall in funding for the current year against our submissions of minimum spending requirements for 2019/20 offset now by the reduced forecast for the cost of the current year's pay award. We continue to keep under careful review our assumptions about patterns of spending in line with current Covid-19 arrangements.
- 2.3 A summary of the year to date and forecast positions are set out below. The forecast against budget is tight, and the executive team continue to review and carefully manage any new spending pressures against existing spending priorities.

	£'000
Budget April to December 2020	94,615
Actual spend April to December 2020	(94,438)
Underspend after nine months, carried forward	177
Budget December to March 2021	35,149
Forecast spend December to March 2021	(39,050)
Outturn variance for financial year	(3,724)

*The budget figures exclude the Annually Managed Expenditure relating to end of year adjustments to account for the movements in the Cafcass pension scheme.

3. KEY STRATEGIC AREAS TO CONSIDER

- 3.1 While the initial response to Covid-19 had a dramatic impact on some areas of spend, such as travel costs, there is a new consistency of spending as some travel is returning and offices opening with limited use, principally for the purpose of seeing children and their families.
- 3.2 These are unlikely to recover to budgeted levels for some months, if ever. There are however significant risks around capacity within the workforce in particular our social workers and their line managers. Effort continues to try to secure additional operational capacity at practitioner, practice supervisor and service manager level. These roles all play a vital part in the allocation of cases and the oversight when any areas need to begin to prioritise incoming work. Availability of talented social workers and managers remains incredibly tight across the sector. Our ability to recruit is impacted not only by general supply but also our offer in relation to (principally) pay but also workload.

4. IMPACT ON CHILDREN AND YOUNG PEOPLE

- 4.1 The delivery of safe, high quality and timely services remains a priority for service delivery. 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.

5. FINANCIAL ANALYSIS

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

6. RISK ANALYSIS

- 6.1 General risks associated with the in-year and future year financial positions are discussed within the Strategic Risk Register, considered elsewhere on the agenda today. In particular, we assess the risks relating to the availability of grant funding and its sufficiency within the current and future financial years. Continuing increases in demand always create financial pressures through the need to manage practitioner workloads and the quality of work. The rising stock of open cases is adding further pressure to already stretched capacity.

7. DIVERSITY ANALYSIS

- 7.1 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.

8. ACTION REQUIRED

8.1 The Board is asked to **NOTE** the report.