



CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE
Paper for the Board Meeting on 19 February 2016
FINANCE REPORT

KEY POINTS

- Scrutiny of the results for the first ten months of the current financial year suggest no areas of particular concern and continue to provide assurance as to both the strength of the decision making process for allocation of budgets and the skills of the budget holders overall in working with finance colleagues in their scrutiny and forecasting activities.
- Grant In Aid in the current year has been reduced by £2m in line with previous agreements with the sponsor to support the Ministry of Justice with its budget strategy for the current year. A further £2.2m of otherwise planned expenditure has also been stopped across a range of budget areas, without impact on business critical activities for now. This will continue to be kept under careful review, given the context of the continuing rise in demand. The full year forecast now reflects this underspend.
- Delivery of any further substantial spending reductions in the current year is no longer feasible. Substantial reductions in future years remains dependent on policy and legal changes which are necessary to implement and sustain them.
- Significant work has continued since the last Board meeting to respond to further requests for information in relation to our Spending Review 2015 submissions and deliberations on allocations for 2016/17. The outcome and implications of the spending round are not expected to be available to the Board at this meeting and may not be known until the end of February 2016.

1 AIM AND PURPOSE

- 1.1 To report the financial results for January 2016 and the full year forecast.

2 RECOMMENDATIONS FOR THE BOARD

- 2.1 To note the financial results for January 2016 and the full year forecast.

3 BACKGROUND

- 3.1 Budget holders have now completed their management accounts for the ten months ended 31 January 2016. These indicate expenditure running below budget, with a year to date underspend of £1.515m. This underspend is consistent with the forecast outturn position.
- 3.2 The full year forecast spend remains £2.2m below the level of the current budget. This reflects the stop on planned expenditure across a range of budget areas in response to ongoing requests by the sponsor to maximise any underspend in the current financial year.

4 JANUARY 2016 ACCOUNTS AND FULL YEAR FORECAST

- 4.1 These accounts are reviewing the financial position after ten months of the current year. Summaries of income and expenditure for the year to date and position by budget holder are included in the attached tables.
- 4.2 The overall position from budget holder returns is an underspend of £1.515m. This underspend arises primarily within the operational areas (£1.260m) and represents the effects of exerting downwards pressure on general spending where doing so is not thought to have a material impact on quality or performance.
- 4.3 The latest forecast position is an underspend of £2.2m which reflects the continued downward pressure on spending in both operational areas and corporate services. This in

part arises from the assessment of the costs of the DNA roll out, having concluded the related procurement process, together with further delays in the start of the national roll out. More generally, decisions on delays to cover vacancies across the organisation and the continuing re-assessment of what is an appropriate contingency provision have created this underspend that is considered feasible to be ring fenced and sustained.

- 4.4 That is not to say however that any significant change in demand or other unforeseen budget pressures will not arise, which would require a further analysis of current spending priorities. At this stage, none are anticipated but it is noted that the level of workload carried by practitioners has continued to rise with limited if any realistic scope to continue to absorb significant further increases, without impacting performance.

5 KEY STRATEGIC ISSUES FOR THE BOARD TO CONSIDER

- 5.1 The results for the first ten months of the financial year reveal an absence of any particular matters that challenge the planning assumptions behind this budget or the budget submissions related to the Spending Review and its allocation work, so far returned to the sponsor. The results of the latest financial forecasts at this stage confirm these prospects seem sustainable and consistent for the remainder of the year. The targeted work to hold the underspend above is not believed to create any risk or compromise to service delivery in the current financial year.

- 5.2 The timetable for confirmation of next year's budget is expected to be the end of February with a further phase of allocations work through the summer 2016 to provide allocations for the remaining years of the spending review. The ability to create a financial plan over multiple years is welcome particularly given the dependency on a substantial programme of reform that underpins delivery of the overall 15% spending reductions being targeted through the spending review process. These reforms must deliver sufficient system efficiencies to effectively absorb and/or divert the increases in both public and private law work currently forecast. In addition they must enable Cafcass to achieve a controlled reduction in the costs of delivering safe and effective services consistent with its inevitably changing remit.

6 BENEFITS FOR CHILDREN

- 6.1 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.

7 FINANCIAL ANALYSIS

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

8 RISK ANALYSIS

- 8.1 Risks to managing within allocated resources are kept under careful and constant review through the monitoring and reporting of regular financial information by budget holders and regular dialogue with the department in relation to sharing information on the implications of government guidance. The retention of a corporate contingency also provides some resilience against financial pressures that cannot be mitigated in other ways.

9 DIVERSITY ANALYSIS

- 9.1 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 February 2016