



CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE Paper for the Board Meeting on 23 October 2015 FINANCE REPORT

KEY POINTS

- Scrutiny of the results for the first six months of the current financial year suggest no areas of particular concern for now and 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 ring fence of a further £1.2m has been placed around further spending that can be delayed or cut. The full year forecast now reflects this underspend.
- Delivery of further substantial spending reductions in the current or future years remains dependent on policy and legal changes which are necessary to implement and sustain them.
- Significant work has been carried out since the last Board meeting to prepare and present financial analyses to meet the requirements of the Spending Review 2015 submissions. The outcome and implications of the spending round are expected to be available to the Board at its meeting in December 2015.

1 AIM AND PURPOSE

- 1.1 To report the financial results for September 2015 and the full year forecast.

2 RECOMMENDATIONS FOR THE BOARD

- 2.1 To note the financial results for September 2015 and the full year forecast.

3 BACKGROUND

- 3.1 Budget holders have now completed their management accounts for the six months ended 30 September 2015. These indicate expenditure running below budget, with a year to date underspend of £1.348m.
- 3.2 The Corporate Management Team (CMT) have carried out a further review of areas where spending in the current year can be delayed or cancelled in response to ongoing requests by the sponsor to manage an underspend again in the current financial year. An amount of £1.2m has been identified and has now been ring fenced.

4 SEPTEMBER 2015 ACCOUNTS AND FULL YEAR FORECAST

- 4.1 These accounts are reviewing the financial position at the half way point of the 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 £1.348m. This underspend arises primarily within the operational areas (£1.029m) 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 In May 2015 the sponsor sought a commitment from Cafcass to review the current year's financial position in order to create and maintain an underspend against its grant as part of

the sponsors overall financial strategy in the current year. A sum of £2m has previously been identified arising from the ability to delay spending on ICT core service re-procurement (£1m), the part year only effect of the national roll out of DNA testing services (£0.5m), the release of provisions made in prior years against the loss of volume discounts on the Fujitsu Flex shared service (£0.350m) and the reduction in Fujitsu core service running costs arising from their re-platform of the current service now the other substantial customers have left the shared service (£0.150m). Grant in aid for the year has now been reduced by £2m.

4.4 The latest forecast position is an underspend of £1.2m 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.

4.5 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 absorb further increases, without impacting performance.

5 KEY STRATEGIC ISSUES FOR THE BOARD TO CONSIDER

5.1 The results for the first six months of the financial year reveal an absence of any particular matters that challenge the planning assumptions behind this budget or the budget 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 identify the ring fenced underspend above is not believed to create any risk or compromise to service delivery in the current financial year.

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
13 October 2015