



**CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE**  
**Paper for the Board Meeting on 24 October 2014**  
**FINANCE REPORT**

**KEY POINTS**

- The results so far this year 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.
- Scrutiny of the results for the first six months of this financial year suggest no areas of concern for now.
- Cafcass is forecasting to balance its budget in 2014-15.

**1 AIM AND PURPOSE**

- 1.1** To report the financial results for the six months ended 30 September 2014 and the forecast results for the year ended 31 March 2015.

**2 RECOMMENDATIONS FOR THE BOARD**

- 2.1** To note the financial results for the six months ended 30 September 2014 and the forecast results for the year ended 31 March 2015.

**3 BACKGROUND**

- 3.2** Budget holders have now completed their management accounts for the six months ended 30 September 2014 together with their forecast results for the full twelve months. These indicate expenditure currently running below budget, with a year to date underspend of £1.365m and a forecast outturn of spending at budget level.

**4. SEPTEMBER 2014 ACCOUNTS AND FULL YEAR FORECAST**

- 4.1** These accounts are reviewing the financial position at the end of the first six months and the forecast position for the end of the current financial year. Summaries of income and expenditure for the six months to September 2014 by budget holder are included in the appendices. The overall position from budget holder returns is an underspend of £1.365m. Of this Operational Areas have returned an underspend at the end of September of £0.588m. The balance of £0.778m relates in part to changes in the calculation of amounts set aside for future dilapidation costs, in line with the recommendations arising from the audit of the financial statements for the previous financial years.

- 4.2** Overall forecast expenditure is expected to be in line with budget. The operational area is forecasting an underspend of £0.738m, mainly attributable to staff costs where recruitment hasn't progressed as planned at the budget stage and/or the use of temporary staff has been lower than anticipated. Within the HQ budget area the pressure on the IT budget will be offset by transfers of budget from the NBC for a contribution to costs arising from the Digitisation Service and from the Provisions budget in relation to charges created to reflect the loss of volume credits under the Flex contract as existing other customers exit the service. The pressure on the Commissioning and Partnerships budget reflects an element of budget withheld at the beginning of the budget year as part of the overall budget strategy, pending a review of the service's running costs, now underway.

4.3 The budget setting process for 2014-15 resulted in an initially retained corporate contingency of £1m. Work is underway to prepare an affordable pay award for the current year for negotiation with the trade union. While the Government freeze on pay awards was lifted, no more than a modest 1% uplift remains permissible. The affordability of the final settlement must be viewed in the context of unallocated contingency funds as well as both staff and Government policy expectations. Cafcass is involved in a number of pilot activities as well as through its Innovation Board maintaining a portfolio of projects to support its broader strategic aims. After accounting for the pay award, a balance in the order of £0.5m of contingency would remain available to support such initiatives, as well as serve its primary purpose to shield the organisation from any financial pressures arising from changes in the level or complexity of workload during the year.

## **5 KEY STRATEGIC ISSUES FOR THE BOARD TO CONSIDER**

5.1 The 2014-15 results cover the first six months of the financial year. There are a number of spending pressures being managed without compromise to the overall balanced position being forecast. Historically there has been a tendency for forecast spending to fall in the latter part of the financial year so the challenge is to have a number of proposals to utilise any emerging underspends. At this stage however, the items referred to in paragraph 4 are sufficiently challenging that decisions on the use of any remaining unallocated contingency funds may be considered towards the end of quarter three.

## **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 sponsor 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 Finance**

**13 October 2014**