



CHILDREN AND FAMILY COURT ADVISORY AND SUPPORT SERVICE

Paper for the Board Meeting on 13 September 2013

QUARTER ONE FINANCIAL RESULTS

KEY POINTS

- Spend to date on the 2013-14 budget has been under that forecast but still in line with operational and strategic priorities set at the outset of the year. Funds for service delivery have been prioritised and spend on national and corporate priorities is broadly on track. Sufficient contingency funding remains available to deal with unforeseen spending pressures during the remainder of the financial year.
- The level of spending after the first four months of the year is lower than budgeted due to slippage within the Estates programme and a revision of the provision for dilapidations on leased premises.
- Overall therefore, the forecast spend is expected to be in line with the budget, as in previous years

1. AIM AND PURPOSE

- 1.1 To report the financial results for the four months ended 31 July 2013 and the forecast results for the year ending on 31 March 2014.

2. RECOMMENDATIONS/ACTION FOR THE BOARD

- 2.1 To review the financial results for 2013-14 and to maintain the level of contingency at its current level until the quarter two forecast is reported.

3 BACKGROUND JULY 2013 ACCOUNTS AND FORECAST 2013-14

- 3.1 These accounts are reviewing the financial position at the end of the first four months of the 2013/14 financial year. Summaries of income and expenditure for July by budget holder are included at Table 2. The overall position from budget holder returns is an underspend of £1.397m. Of this Operational Areas have returned an underspend at the end of July of £0.311m. The balance of £1.086m falls between National and Corporate level spending, of which £0.729m relates to slippage on estates projects and a release of some estimated accommodation costs from the previous year end together with a reduction in the amounts set aside for future dilapidation costs, in line with the recommendations arising from the audit of the financial statements for the previous financial year.

	£'000
Budget for the four months to July 2013	41,548
Actual spend for the four months to July 2013	40,151
Underspend at 31 July 2013	1,397

- 3.2 Overall forecast expenditure is expected to be in line with budget. The operational area is forecasting a small overspend of £0.043m. While National Office budgets are also forecasting a broadly balanced position, there are significant cost pressures being managed within the Future Working Programme (FWP). These pressures are in part additional items commissioned from the programme in relation to the secure email system, Egress (£0.300m) and enhanced continuity and resilience arrangements for the applications that do not form part of the Flex Framework services (£0.200m). The remainder of the pressure relates to the design and implementation of the replacement case management system and related Sharepoint applications that will provide the new platform for storage of data, the intranet and also the Cafcass directory. These pressures arise in part from the activities falling in to the current year, where more progress had been expected in the prior year together with the inherent uncertainty from designing and implementing a new system. Further, a sum of £0.226m has been set aside to support the relocation of a number of London offices where leases are expiring within the current financial year. Initially it had been expected this could have been avoided through participation in an estates reconfiguration led by HMCTS.
- 3.3 The budget setting process for 2013/14 resulted in an initially retained corporate contingency of £2.771m. There have been a number of allocations from this. In particular £0.500m had been earmarked to support the London private law service and initially up to a further £0.500m was set aside specifically for additional potential costs through for the Estates programme and the Future Working Programme. The increased pressures from the FWP and Estates programme require a further £0.871m. The balance of unallocated contingency funds at this stage is £0.867m.
- 3.4 There are a number of risks in relation to the financial forecast at this stage, in particular the impact of the Government's policy of a presumption of employee membership in the employers pension scheme. This came in to effect in August 2013 giving rise to an increase in employer pension contribution costs, although some employees are expected to withdraw from the scheme, where it has never been their intention to join, and have only done so temporarily through this auto enrolment mechanism. At this early stage the numbers of staff who have applied to exit are relatively small so time is needed to assess the permanent impact of the change in Government policy.
- 3.5 Work is also 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, albeit stipulating no more than a modest 1% uplift where implemented, the impact of the above pension change and the changes to the Travel and Subsistence policy from April 2014 have caused an increase in pay costs that form part of the overall settlement. Further work is in hand then to establish a pay award is affordable in the context of unallocated contingency funds and also meets both Government policy expectations and the needs of the service.
- 3.6 These various factors need to be analysed and scrutinised in the context of our continuing budget strategy to part-fund savings in the following financial year, through diverting some in-year funds to one off development projects whilst reducing spend on the main operational budgets as much as possible without compromising service delivery. This strategy has been successful in previous years as it has largely avoided the need for last minute reactive savings when the following year's budget is announced
- 3.7 Notification of our budget for 2014/15 is anticipated later in September as part of the arrangements to transfer sponsorship from the Department for Education to the Ministry of Justice..

4 CONTRIBUTION OF THE REPORT/PROPOSAL TO DELIVERY OF THE 2013/15 CAFCASS STRATEGIC PLAN

- 4.1 The overall budget strategy is supporting the improvement in both the quality and performance of work through investment in the workforce as a whole and specifically

through the maintenance of the National Improvement Service, together with a training and development programme that supports improving the skills of all staff in their roles. Office relocations through the Estates programme are also carefully appraised to maximise the opportunity to combine teams where sensible and likely to lead to better service delivery. We have maintained our financial contributions to local area safeguarding boards and our investment in the Model Office programme is testing areas of closer working, in particular with HMCTS. Funding of improvements in diversity have been made through new training materials and also in workforce development. The Future Working Programme is a significant financial investment to support Resilience with the roll out of the Call Centre, Digitisation and deployment of new laptops and tablets. Funding the well being programme has been an important part of the strategy to support a sustainable workforce.

5 KEY STRATEGIC ISSUES FOR THE BOARD TO CONSIDER

- 5.1 The 2013-14 results cover the first four 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 above are sufficiently challenging that decisions on the use of unallocated contingency funds is best deferred until the quarter two financial results are available. Budget holders continue to manage budgets responsibly and creatively to meet need and there has been no need this year to activate any of the additional assurance mechanisms like the Expenditure Control Group. The system for scrutinising proposed variations in spend or significant one off spend at the Budget Approval Panel continues to work well.

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.

10 COMMENTS FROM THE HEAD OF LEGAL SERVICES

10.1 No additional comments required.

**11. COMMENTS FROM THE DIRECTOR OF HUMAN RESOURCES AND
ORGANISATIONAL DEVELOPMENT**

11.1 No additional comments required.

**Anthony Douglas
Julie Brown
3 September 2013**