



# Children and Family Court Advisory and Support Service Annual Report and Accounts 2011-12

**Children and Family Court Advisory and Support Service**

An executive non-departmental public body

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# Children and Family Court Advisory and Support Service Annual Report and Accounts 2011-12

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Criminal Justice and Court Services Act 2000.

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Criminal Justice and Court Services Act 2000.

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## Overview by the Chair

Cafcass' vitally important work brings together two areas close to my heart – protecting children from the negative impact of family breakdown and improving the outcomes for children in care. Since joining Cafcass in January 2012, I have been impressed by the progress the organisation has already made in improving its performance, particularly in light of ongoing record levels of demand in care cases. I am also conscious that we have a long journey of continuous improvement ahead of us. I have been struck by the resilience of the organisation and, in my visits to local teams, by the passion that our staff demonstrate in trying to secure better outcomes for some of the most vulnerable children in England. I know that the Board, like me, is encouraged by the most recent Ofsted inspection results which demonstrate that, despite demand and the pressures, the quality of our work with children continues to improve. Sustaining these improvements, and continuing to be able to provide a service to each child who needs it, will be at the forefront of all of our efforts.

Another key priority for the forthcoming year will be in playing our full part in the system-wide implementation of the Family Justice Review. In particular, I welcome the Government's focus on trying to divert as many divorce and separation cases away from court as possible where it is safe to do so. All of us are keenly aware of the often devastating emotional impact that protracted and highly contentious cases can have on children. Cafcass will contribute as much as possible to helping parents resolve their disputes and, where child protection is a concern, to ensuring individual children are protected. As a family justice system, we need to reduce the duration of care and intractable private law cases, and Cafcass will play its part in this too. Every additional week of uncertainty is a long time in a child's life.

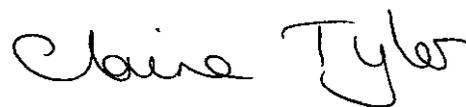
We cannot achieve these aims on our own. As is universally recognised, if we are to improve our work with children and families, each component of the family justice system must work more closely together so that we use our combined resources and knowledge to best effect. Some of this work has already begun, but it will

be a key role of the Cafcass Board to help drive this work forward and to engage with all of our many and varied stakeholders so that we use their feedback to improve further.

That we have a Board of such talent is a huge asset for the organisation. I extend my heartfelt thanks to those members whose terms expired during the year for the contributions they have made and, in particular, to my predecessor, Baroness Valerie Howarth for the service she gave to Cafcass during her seven years on the Board, including three as its Chair. Valerie steered the organisation through many challenging times with an unwavering focus on children. Cafcass is undoubtedly a more child-focused, mature and, quite simply better organisation for her input. As we move forward, I am pleased to be working with existing members of the Board, whose experience and insight will, I am sure, prove vital in the months ahead. I am also delighted to welcome several new members – John Lakin, Francis Plowden, Honor Rhodes, Fay Selvan and Stuart Smith, each of whom bring with them skills and experience from a range of disciplines and sectors which will

further strengthen the team. Shortly after the end of this reporting period though, we were all greatly saddened by the loss of Baroness Shireen Ritchie who had been a dedicated advocate for vulnerable children throughout her career, both at Cafcass and within many other arenas where she worked. She will be greatly missed.

Each of us within Cafcass, whatever our role, share the common aim of providing the best possible service to the children and families caught up in these difficult cases which too often cause heartbreak. We will work tirelessly towards this with our partners in the coming year. The children with whom we work deserve nothing less.



Baroness Tyler of Enfield  
Chair of the Board



## Chief Executive's Report

Whilst my foreword is about performance, I want to start with the children with whom we work. Our central purpose is to help individual children recover from the impact of family breakdown, which, too often, also means abuse, harm or neglect of them personally. Their stories are devastating to hear. My commitment on behalf of Cafcass is to go on listening to their stories and to make a positive contribution, as far as we are able, to improving each individual child's life. We are there for them.

In our last Annual Report I said, "We end the year with cautious optimism that, despite the pressure [...], which will continue (and it did, in the form of higher care applications), we are now clear about what we can do within our available resources."

We were true to our word. What we said, we did. We absorbed a further 11% increase in care cases which meant we had to work differently. After a major set of consultations, we set out this new way of working in our Operating Framework, which was ready for publication by the end of the financial year.

The context in which we carry out our work became more difficult, with more families reporting social and

financial strain. The national austerity programme is presenting us with the same rising challenge it is presenting all citizens and all organisations and it is forcing us to think and work differently.

And yet, in 2011-12 our performance continued to improve. This was particularly gratifying after the years when performance was weaker, when backlogs had built up and we had high levels of sickness absence. This year, sickness absence amongst practitioners reduced by 2.1 days, from 12.8 days in 2010-11 to 10.7 days by the end of the year. This released 3,143 extra practitioner days (the equivalent of 12.1 posts) allowing us to intervene in children's cases more quickly than ever before, to further reduce our duty allocated care cases from 223 to 71 (or just 0.6% of our care workload) and to drive down unallocated cases to their lowest ever levels.

This highly effective performance against government targets can also be illustrated by our closure programme for local offices, which helped us to reduce running costs and keep the greatest proportion of the budget dedicated to frontline staffing levels. We had a target to close one third of

our offices between 2010 and 2013 and completed this by March 2012.

During the year we simplified our policies and streamlined working practices, which has helped us to allocate all incoming work and complete that work in the timescales set by the courts. We introduced shorter, more analytical reports for court, briefer and clearer case plans, and revised policies like our Child Protection policy, Supervision policy and HR policies in line with Munro and government expectations and which our staff are finding easier to apply. One underlying principle of this model is immediate intervention into cases and situations, and we will be developing this model further in 2012-13.

I am pleased our work has been strongly supported by the Family Justice Review and the Government. We are clearly a long-term going concern. This means we are now planning for 2015.

Looking ahead to 2012-13, our main improvement programmes will be to resolve current operational problems like IT and complaints, to increase productivity further so we keep up with any further increases in demand, and to improve the quality of

our casework – which is tough to do when working under such pressure. We will also be supporting our staff to become more resilient in the face of heightened pressure.

As our performance has improved, so we have become more respectable – it is impossible to be credible when you are performing poorly. Whilst we know the quality of our work needs to improve further, we are confident our systems across the country, day in day out, are now safe and reliable. Our inspectors are finding this, and our internal audits find the same. I trust users of our service and Parliamentarians can have more confidence and a greater assurance about our work. My pledge is to maintain these improvements and to take them much further in the years to come.



Anthony Douglas, CBE  
Chief Executive

# Section 1: Management Commentary

# About Cafcass

The Children and Family Court Advisory and Support Service (Cafcass) is an executive non-departmental public body, accountable to the Secretary of State in the Department for Education (the Department), which was established on 1st April 2001<sup>1</sup>. Our statutory responsibility in England is to safeguard and promote the welfare of children<sup>2</sup> who are involved in family court proceedings. We do this by ensuring children's wishes and feelings are made known to the courts and help to make sure that the decisions made about them are in their best interests.

We work to support the delivery of the Department's strategic objectives and to contribute to wider government objectives relating to children. Our principal functions, as set out in the Act<sup>3</sup> in respect of family proceedings where the welfare of children is or may be in question, are to:

- safeguard and promote the welfare of children.
- give advice to the family courts.
- make provision for children to be represented.
- provide information, advice and support to children and their families.

Cafcass' professionally qualified social work staff, called Family Court Advisers (FCAs)<sup>4</sup>, work exclusively in the family courts. Examples of proceedings where Cafcass will be involved include:

- When children are subjects of an application for

care or supervision orders by children's social care services in local authorities (public law). In these instances, our FCAs act as 'Children's Guardians'. The local authority can apply to the court for various types of care and protection orders. The role of the Children's Guardian is to safeguard and promote the child's welfare and to scrutinise and ensure that the local authority's plan is in the child's best interests.

- When parents who are separating or divorcing are unable to agree on arrangements for their children, such as who they will see (known as 'contact') or who they will live with (known as 'residence') (private law).
- Cases where a proposed adoption has parental consent and our FCAs act as Reporting Officers. Their role, either at the request of the local authority or, if ordered by the court, is to ascertain whether the parent consents unconditionally to the adoption, with a full understanding of the implications. In cases where an adoption is without parental consent, an FCA is appointed either as a Children and Family Reporter or as a Children's Guardian for the child.
- Cases where the child becomes separately represented (Rule 16.4) and the FCA will report to court on the welfare of the child and act as a Children's Guardian<sup>5</sup>.

<sup>1</sup> Cafcass was established by the Criminal Justice and Court Services Act 2000 (the Act). Responsibility for Cafcass lies with the Department for Education.

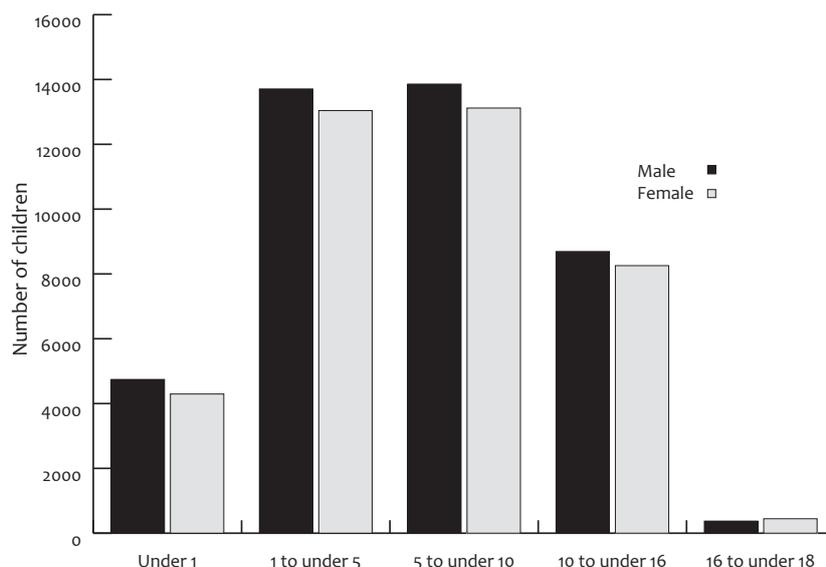
<sup>2</sup> The terms 'children' and 'child' are used in this Report to refer to children and young people under 18.

<sup>3</sup> Cafcass' specific powers can be found in sections 12, 13, 14, 15 and Schedule 2 of the Act. Paragraph 10 of Schedule 2 enables Cafcass, subject to directions given by the Secretary of State, to do anything that appears necessary or expedient for the purposes of, or in connection with, the exercise of its functions.

<sup>4</sup> The term 'FCA' is used interchangeably throughout this Report with 'practitioner' to refer to Cafcass' social work staff.

<sup>5</sup> The Family Procedure Rules 2010 came into force on 6th April 2011. Those cases previously known as rule 9.5 appointments became rule 16.4 appointments. The new Rules also replace the terms 'Guardian ad Litem' and 'Next Friend' with the single term 'Children's Guardian' for all children who are the subjects of proceedings.

# The year in review: 2011-12



**Figure 1: Children in new cases; age and gender profile 2011-12**

In 2011-12, we worked with 145,810 children and young people across England. Of these, 80,270 children were referred to us in new cases. The remainder were children whose cases were referred to us prior to the reporting period and on whose cases we continued to work during part, or occasionally all, of 2011-12, and those whose cases were closed during the year.

Of the children referred to us in new cases, 41,215 were male (51.3%); 39,055 female (48.7%). As shown in Figure 1, and in keeping with trends from previous years, most of the children we work with are aged ten years and under.

## The Family Justice Review

Public and political interest in the workings of the family justice system has remained high with the publication of the Family Justice Review (FJR) report in November 2011 and the Government's response in February 2012. Many of the FJR Panel's calls for reform of the overall system were accepted by the Government, which signalled its intention to establish a new Family Justice Board from April 2012 (on which the Chief Executive will sit) and which will take an active interest in the following areas:

- introducing legislation setting out a six-month time limit for completion of care cases to help reduce delay for children (the duration of which, at the end of 2011-12 averaged 54 weeks).
- maximising the safe diversion of private law cases away from courts.
- introducing a new 'child's arrangement order' to emphasise the focus on the child.
- exploring the feasibility of introducing a legislative statement which emphasises the importance of both parents having an ongoing involvement with their children post-separation, when it is safe and in the child's best interests.
- establishing a single family court for England and Wales and a single point of entry.
- establishing an online hub where families can access a wide-range of information.

The Government has also signalled that sponsorship of Cafcass be transferred from the Department of Education to the Ministry of Justice by the end of this spending review period (which ends in March 2015). Planning is currently underway with both Departments to facilitate a smooth transfer of sponsorship.

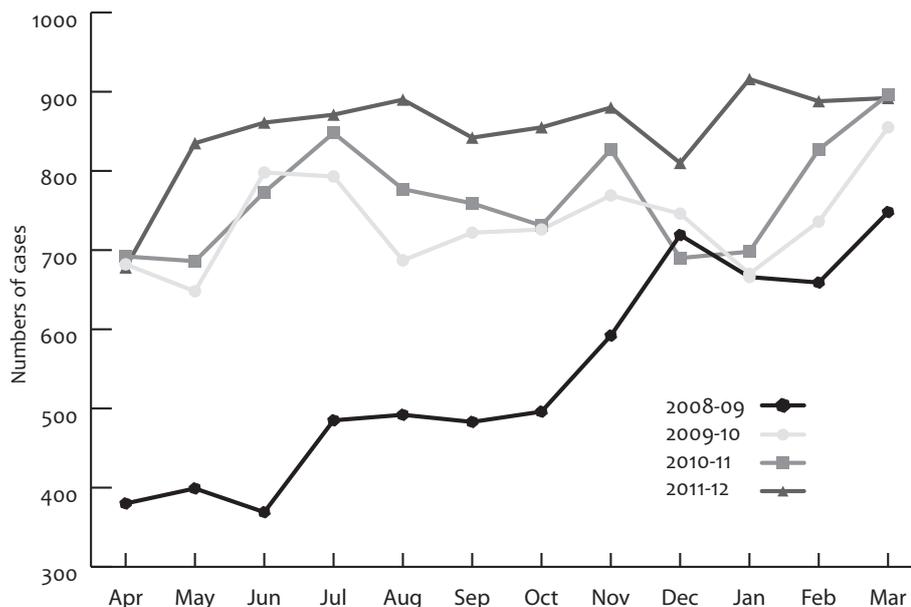
## Justice Committee

In parallel to the Family Justice Review, the House of Commons Justice Committee conducted a review of the family justice system and was critical of some aspects of our work at that time. The Committee heard views from some of the organisation's critics and whilst we felt much of the criticism did not align with performance at the time, the need to improve the management of our external reputation was clear. The Government responded to its report in the Autumn<sup>6</sup>, in which it said about our performance that:

"[...] Cafcass has continued to absorb further significant increases in public law work in particular and that it is changing its working practices further in order to continue to be able to deal with all incoming work. In doing so, it has demonstrated its resilience as an organisation."

In particular, the Government cited the reduction of backlogs and our inter-agency work as areas of particular improvement, stating, "Cafcass has made considerable strides working with HMCTS (HM Courts and Tribunals Service) in reducing the time taken to process court applications prior to the First Hearing Dispute Resolution Appointment (FHDRA) in private law cases. The time taken to turn around Level 1 police checks has also reduced considerably [...] demonstrating effective integrated working between Cafcass, the courts and the police." It also stated that we are, "...seeking to operate as a child-focused service by ensuring that all of the children to whom it provides services receive the optimum level of service that can be provided within the limits of its available budgets."

<sup>6</sup> <http://www.justice.gov.uk/downloads/publications/corporate-reports/Moj/gov-response-operation-of-the-family-courts.pdf> Paragraphs 43 and 57.



**Figure 2: Public law care demand**

## Public law

The vast majority of our public law work involves local authority care applications which have remained at record levels this year. Cafcass received 10,218 applications during 2011-12. The number of applications is 11% higher than in 2010-11 and comes on top of a 4.2% increase in 2010-11, and a 36% increase in 2009-10. Applications received between May 2011 to February 2012 were the highest ever recorded by Cafcass for these individual months. The figures for January 2012 were, at the time, the highest ever recorded for a single month by Cafcass at 916 applications.

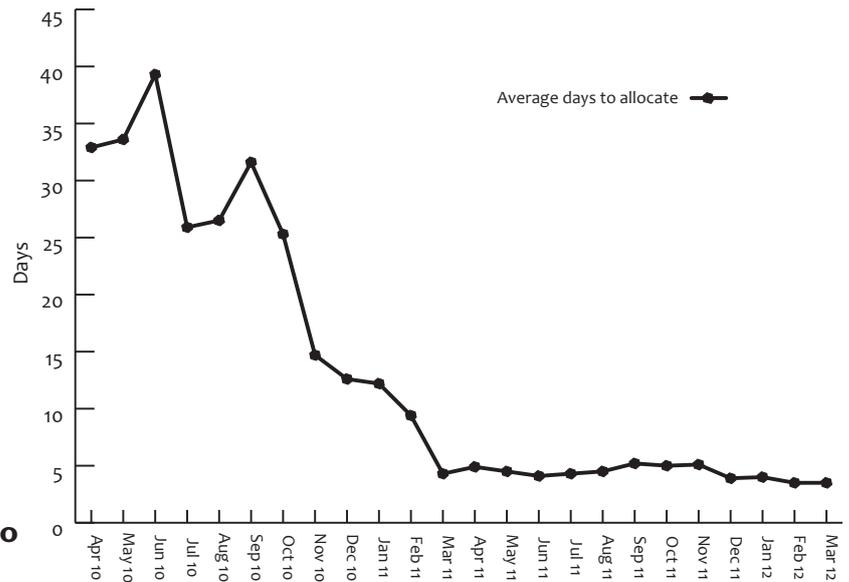
By the end of the year we had reduced the overall stock of public law care cases from 12,831 in April 2011 to 12,143 in March 2012. However, figures released in the year by the Department show that the overall number of interim care orders before the courts had risen from 9,160 in 2007 to 13,660 in 2011<sup>7</sup>. The continuing rise in the stock of care cases before the courts has implications for the workloads of FCAs and has tested our ability to allocate and complete all work effectively. The number of 'non-care' public law cases was 1,736 at the end of March 2012 compared to 1,997 at the end of March 2011.

By the end of the year 99.3% of care cases (or 12,064 cases) were allocated to a Children's Guardian compared to 0.1% (or eight cases) which were unallocated. A further 0.6% (or 71 cases) were allocated on a duty basis.

As illustrated in Figure 3 overleaf, we have maintained the timeliness with which care cases have been allocated, with the period between receipt of the case by Cafcass and first full allocation to a Children's Guardian averaging five working days. This is despite the growing stock of care cases in the family justice system.

<sup>7</sup> [www.education.gov.uk/childrenandyoungpeople/families/childrenincare/a00199753/children-in-care-and-adoption-performance-tables](http://www.education.gov.uk/childrenandyoungpeople/families/childrenincare/a00199753/children-in-care-and-adoption-performance-tables)  
(Table A2: Children looked after at 31st March by legal status)

**Figure 3: Average days to allocate care cases to a Children's Guardian**



## Joint message from Cafcass and the President

As a result of the improvements in allocations and timeliness of our work, the Chief Executive of Cafcass and the President of the Family Division, Sir Nicholas Wall, released a joint statement in July 2011 agreeing that their Interim Guidance, first introduced in October 2009, should not be formally renewed. Instead, it was agreed that the improvements in practice, brought about through the collaboration between Designated Family Judges and Cafcass service areas in implementing the Agreement should continue and be built upon.

The joint Ministry of Justice and Department for Education 'Review of local arrangements between Cafcass and Designated Family Judges' also found that "much progress has been made over the past 12 months in meeting the stated aims of the Agreement." It found that locally-agreed arrangements had helped to improve the timeliness of provision of Children's Guardians, reduce allocation backlogs and minimise the use of duty advice schemes. The report also found that such developments represent, "...considerable achievement when viewed in the context of the continued high level of demand for Cafcass services seen throughout 2010."

*"What has been particularly successful is the extent to which the various agencies have been prepared to work together to make local arrangements work. With increased awareness that effective communications are vital, the landscape has changed dramatically."*

*"There has been a new era of co-operation! – communications with Cafcass have improved, and a new willingness and energy to respond to the PLO requirements has resulted in the disappearance of most of the old problems."*<sup>8</sup>

<sup>8</sup> <http://www.justice.gov.uk/downloads/publications/corporate-reports/Moj/review-of-local-arrangements-between-cafcass-and-designated-familyjudge.pdf> Paragraph 32

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## High Court backs Cafcass' response to record care demand

During 2011, two High Court judges dismissed a claim that Cafcass had not allocated four care cases quickly enough in 2009-10, saying that the case was about resources and that Cafcass' actions, in the wake of the significant increase in care cases, were lawful and rational. The judgment found that in trying to allocate cases as quickly as possible Cafcass had met its general duty to the thousands of children referred to us, and that the legislation does not impose an obligation to do anything in any particular case within any particular timescale.

The judges also dismissed claims that we had breached Articles 6 and 8 of the European Human Rights Convention. Crucially, the judgment, handed down by Lord Justice Munby and Mrs Justice Thirwall, legitimised the way in which we had sought to prioritise cases according to need, in the context of record demand. The decision confirmed that Cafcass must provide a Children's Guardian as soon as reasonably practicable, taking into consideration our staffing resources and other demands.

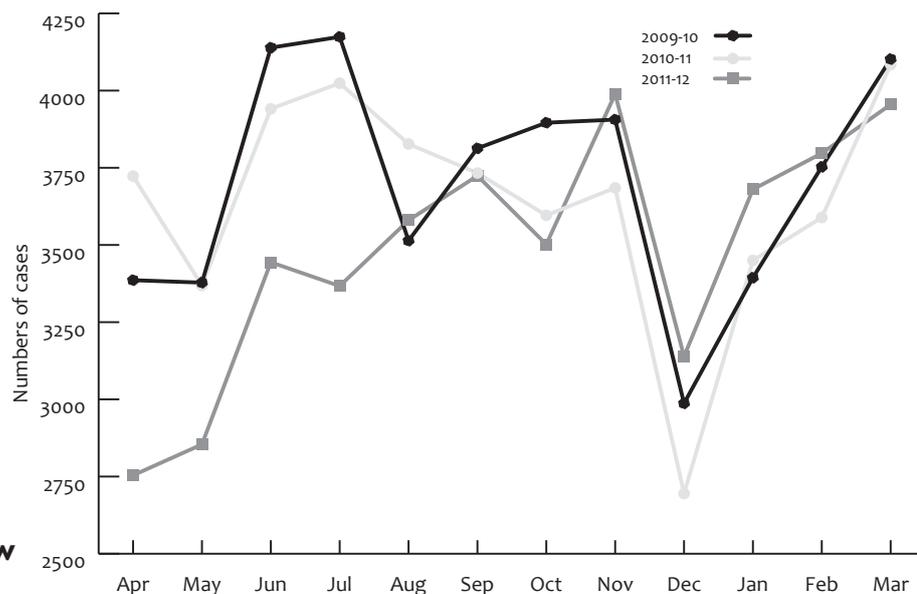
The judges concluded that, "The driver in all four cases was Cafcass' lack of resources. Its decisions were entirely rational." In May this year, the Court of Appeal heard the claimants' appeal against the High Court decision and judgment is awaited.

## New ways of working – pre-proceedings pilot in Coventry and Warwickshire

As a result of the continuing record levels of care applications and the political, public and professional agreement that care case duration should be shortened wherever possible, we established a pre-proceedings pilot in conjunction with Coventry and Warwickshire local authorities aimed at developing additional ways of effective joint working. The aim of the pilot is to ascertain whether, through the involvement of an FCA in the pre-proceedings work of 'edge of care' cases it is possible to:

- bolster safe and realistic diversion plans.
- contribute to the potential of the pre-proceedings meeting as a forum for alternative dispute resolution.
- facilitate the engagement of parents.
- reduce delay in cases that do proceed to court by improving the quality of the core assessment carried out by the local authority.

Initial analysis by Dr Karen Broadhurst from Lancaster University showed a clear consensus from participants that the pilot could potentially make a significant contribution to case safety and case management. Researchers found that plans to divert cases from court were benefiting from the independent oversight of the FCA and also felt that the FCAs' particular expertise in respect of court processes was helping to narrow constructively the issues brought before the courts and improve the quality of the assessment, should care proceedings still need to be issued. The pilot will now continue until March 2013 in Coventry and Warwickshire and is also being extended to Sefton. Other local authorities are also interested.



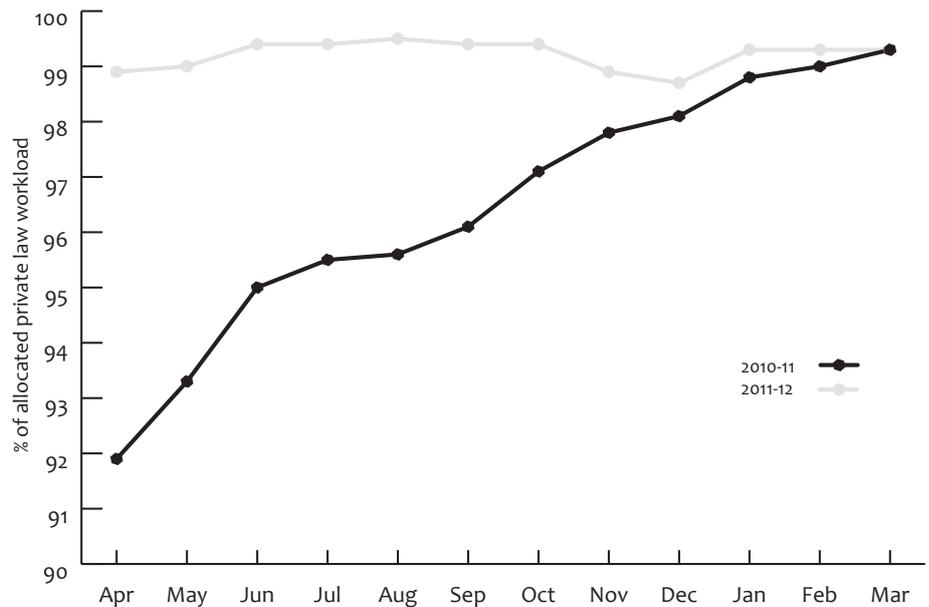
**Figure 4: Private law case demand**

## Private law: Helping children in cases of family breakdown

This year we received 41,778 new private law applications (usually concerning disputes over contact and residence of children) compared to 43,712 in 2010-11. Whilst the rate at which we receive private law applications (known as C100 applications) from the courts has varied from area to area over the year, nationally we have seen an overall 4.4% drop in the number of new applications. Our work has also been aided by increased use by the court of Separated Parents Information Programmes (SPIPs) (see further detail overleaf), which are usually delivered in the early stages of family court proceedings. These two factors have given us space to reduce the number of our open private law cases by 4,569 this year and enabled us to continue maintain high rates of allocation across our private law workload.

## Early Intervention Teams

Following the establishment of our National Business Centre in Coventry, which receives all of our 41,778 private law cases from the courts and initially screens and processes them, we have set up private law early intervention teams across the country to ensure timely and safe completion of our work to first hearing. The largest of these is based in Slough and covers all private law work for Greater London. Specialist teams of practitioners assess safeguarding information from the police and local authority, interview each parent over the phone and provide an analysis to the court, in the form of a 'Schedule 2 letter', regarding risks to the children, and in line with the requirements of the President's Private Law Programme. The work of these teams has been praised by Ofsted which, in its inspection of our services in Cheshire and Merseyside, published in April 2011, said that the introduction of the team had resulted in courts receiving "timely, risk assessed safeguarding information about children and families." Between April 2011 and March 2012, Cafcass has filed a total of 34,599 Schedule 2 letters, with 34,267 (99%) filed on or before the hearing date.



**Figure 5: KPI 2 - Percentage of private law allocated workload as a 'snapshot' at month end**

## New Rule 16.4 appointments

New family procedures rules were introduced in April 2011 which extended the power in private law cases to make rule 16.4 appointments of Children's Guardians to the Family Proceedings Courts (FPCs), replacing the previous rule 9.5 appointments of Guardians ad Litem, which FPCs previously lacked the authority to make. The number of new rule 16.4 appointments in which children are separately represented was 1,787, an increase of 16.8% in comparison to last year's figures, with the average case duration exceeding 95 weeks. This represents a considerable investment of resources for Cafcass and we are working with the courts to ensure that such appointments are only made in cases where there are issues of the greatest difficulty for individual children.

## Contact activities

In keeping with the Government's drive to promote dispute resolution services, we have continued to promote Separated Parents Information Programmes (SPIPs) this year. On behalf of the Department we managed the provision of £2.83 million of SPIPs, with 18,279 adults attending the course, compared to 13,000 in 2010-11. SPIPs continue to be well received by a large proportion of those attending (men and women) and we are working to develop the programme content to maximise the benefits for parents and children. Another type of 'contact activity', Domestic Violence Perpetrator Programmes (DVPP), also saw increased use, with the number of DVPP providers increasing from 15 to 45 during the year, so that this service is available in every Cafcass service area.

## Contracts with external providers

We have continued to commission contact support for families, with funding of £3.40 million over the year. This has included funding to provide supervised contact to 1,532 families through the network of 47 providers from the voluntary sector across the country, delivering contact in 69 locations. We have also continued to work with the National Association of Child Contact Centres to contribute to the funding of supported contact centres across the country. We provided financial support to 201 centres this year.

## Other types of work

Cafcass is also involved in other types of cases:

- Placement Order applications rose from 1,984 in 2010-11 to 2,595 this year.
- Special Guardianship applications rose from 551 in 2010-11 to 722 this year.
- Adoption applications involving Cafcass fell from 985 in 2010-11 to 929 this year.
- The instances of Cafcass witnessing consent in respect of relinquished babies and children fell from 137 in 2010-11 to 126 this year.
- Family Assistance Orders fell from 569 in 2010-11 to 567 this year.

Table 1: Ofsted inspection results

Date	Service Area	Overall grading	Summary of gradings
April 2011 <sup>9</sup>	A9 (Cheshire and Merseyside)	Good	Outstanding 2; Good 3; Satisfactory 6
August 2011	A16 (Sussex and Surrey)	Satisfactory	Satisfactory 10; Inadequate 4
September 2011	A4 (South Yorkshire and Humberside)	Satisfactory	Good 4; Satisfactory 10
December 2011	A13 (National Business Centre, Coventry, Northampton)	Satisfactory	Good 2; Satisfactory 12
March 2012 <sup>10</sup>	A6 (Hampshire and the Isle of Wight)	Satisfactory	Good 8; Satisfactory 7

## Ofsted inspections

The improvements we have made to our service this year have been independently verified through a series of unannounced Ofsted inspections. The results of a post-inspection monitoring visit of services in Cheshire and Merseyside (part of service area A9<sup>11</sup>) were published in April 2011 and found that 'outstanding' progress had been made in ensuring that children and families were receiving a timely service. Inspectors also praised the use of proportionate working which, they said, "ensures that cases are allocated resources efficiently in relation to the assessed safeguarding needs of each case." Ofsted concluded that, "The improvements achieved ensure that service delivery is efficient and effective and the safeguarding needs of children and young people are assessed at the earliest opportunity." Overall, the post-inspection monitoring visit judged that 'good' progress had made against the recommendations from the last inspection in March 2010.

An inspection of service area A4 (South Yorkshire and Humberside) rated our overall service as 'satisfactory' and all areas for assessment were judged either 'good' or 'satisfactory', with no areas of 'inadequate' performance. There were also positive inspection results in A16 (Sussex and Surrey), which was praised for its "impressive and highly effective progress" and in A13 (National Business Centre, Coventry and Northampton), where the National Business Centre was separately graded 'good' and found to have "...rapidly created very significant savings in time and financial resources whilst providing a substantially improved service."

In A6 (Hampshire and the Isle of Wight), which was inspected in March 2012, the majority of areas inspected (eight out of 15) were rated as 'good', including capacity to improve, service responsiveness, and assessment, intervention and direct work with children. A key priority for the forthcoming year is to ensure that all areas of our service are rated as 'good'.

<sup>9</sup> The post-monitoring inspection took place between 23rd-24th March 2011 but the report was published in this reporting period.

<sup>10</sup> Whilst the inspection took place in the week commencing 19th March 2012, the inspection report was published on 20th April 2012.

<sup>11</sup> All Cafcass service areas are assigned an identifying code for internal reporting purposes. A full list is available on page 37.

## Dealing with complaints

For the majority of the year, we continued to handle complaints under our July 2010 policy but introduced a new, one-step complaints procedure in February 2012 to further simplify and speed up the process and to provide an improved service to children and families. Under the new procedure, whenever we receive a complaint about professional judgement (including the recommendations that are made in reports), we alert the court so that it is able to take into account the service user's concerns and our response to them in its decision-making process. In instances where the complaint relates solely to the conduct of a Cafcass worker, we review this under our employee relations policies. A new team has been established in our National Business Centre to respond to all the complaints we receive. They will also take on the handling and processing of Subject Access Requests in the near future.

We received 1,264 complaints during the year, with complaints received in 2.3% of all new cases, broadly in line with previous years' rates. Of these, 928 were received and responded to under the old procedure and a further 336 were received following the introduction of the new procedure on 1st February 2012. Following information being provided to service users on the new procedure, we received a higher than usual number of complaints in the final two months of the year, to which the centrally-based team are now responding.

During the year, on the recommendation of the Parliamentary and Health Service Ombudsman, we also reviewed around 1,700 historic complaint files under a previous policy to ensure that we had correctly applied it. As a result of this, we wrote to 35 service users to offer them a step 2 complaint investigation which had previously inappropriately been refused to them.

We continue to use learning from complaints to improve our service, and action points from specific complaints are incorporated into an individual's development plan or service area business plan. On a national level, our National Improvement Service maintains the national learning log, which is updated and disseminated throughout the organisation on a quarterly basis via the Exchange report and cascaded through service area meetings, team meetings and supervision. This includes lessons from complaints, compliments, Serious Case Reviews, Ombudsman investigations, Ofsted inspections, internal audits and health checks. Learning from complaints has resulted in us providing clearer information in our Welcome Pack letters and introducing cover letters to court reports so that service users are aware of the steps they should take should they disagree with any of their contents.

# Our Workforce

At 31st March 2012 Cafcass employed 1,690.30<sup>12</sup> staff, 92.3% of whom are frontline staff<sup>13</sup> consisting of:

- 70.9% Family Court Advisers (including Self-employed contractors, Agency FCAs) and Family Support Workers.
- 7.9% Frontline Managers.
- 13.5% Frontline Administration Support.

The remaining 7.7% are specialist staff including Operational Area Senior Managers (Heads of Service), Human Resources (HR), Finance, Legal Services, Policy, Governance, Management Information, IT and Communications staff. This represents a further reduction in the percentage of specialist staff compared to previous years (8.5% in 2010-11; 9.7% in 2009-10) and is projected to reduce to 7.4% in 2012-13.

During 2011-12, we restructured our National Office functions in order to allow us to make savings to protect our frontline services as much as possible from April 2012 onwards. We were also able to make savings by not replacing senior staff who departed during the year and by instead developing internal staff to cover these roles. We also changed our organisational structure to help us make further savings of £400,000. As a result, the number of service areas reduced from 19 to 17, with several Heads of Service assuming larger geographical areas of responsibility and with line management of these teams divided between one Operational Director and the Chief Executive. Further details

are set out in the table on page 37. Developing our Heads of Service who are able to take on additional operational responsibilities and portfolios, and succession planning across the organisation is now a key strategic priority. In total all of these initiatives had allowed us to make savings of £3.4 million by the end of the year.

All previous savings packages have impacted on back-office functions only but in the year we also took the difficult decision to reduce the number of Family Support Workers (FSWs) in order to allow us to make the additional savings required of us in 2012-13. With care applications continuing to rise at record levels and our public law caseload accounting for such a high proportion of our workload, it is important that all of our frontline staff are fully qualified FCAs, able to produce a case analysis for the court.

## Policy in respect of staff with disabilities

Cafcass has an 'equal access to employment' policy which applies to all job applicants and employees. We monitor our staff in post in terms of their ethnicity, gender and whether they have a disability. We continue to provide ongoing occupational health support to staff and have 'Particular Needs Guidance' through which we provide additional support to staff with a disability, such as specialist office equipment.

<sup>12</sup> Full-time equivalent.

<sup>13</sup> The term 'frontline' refers to 'business critical' positions, as defined and agreed by the Secretary of State for Education.

## Consulting with staff

The Chief Executive ran more than 50 workshops over the year to get feedback from staff on the development of our Operating Framework and we also provided briefings to staff on the implications of the Family Justice Review, to which we also provided written submissions. We have continued to use our existing internal communications channels, including the in-house online magazine, Exchange report and intranet to communicate with staff and keep them up to date with the organisation's performance and practice-related matters.

## Reducing sickness absence

Our sickness absence data has remained at one of the lowest levels in frontline social work, falling from an average of 12.8 days per annum for practitioners in 2010-11 to just 10.7 days in 2011-12<sup>14</sup>. Amongst non-frontline staff the figure was 7.93 days sickness absence and the total average sickness absence for all staff was 10.1 days in 2011-12, compared to 11.4 days in 2010-11. When analysing sickness figures for current staff (excluding those who have left in the year), the sickness rates for practitioners is 8.04 days and for non-social workers at 6.38 days. The overall for all staff is 7.68 days. The HR team has worked closely with operational managers by conducting localised stress audits, putting in place well-being strategies to address any issues raised and supporting staff, wherever possible, in returning to work through a rigorous programme of individual case management, particularly long-term absence.

## Workload weighting

Between March and September 2011, we ran a Workload Weighting trial designed to provide a more consistent and transparent approach to case allocation and practitioners' workloads. Under this new system, cases are assigned a points 'score', ranging from 0-3, according to the extent of work that is required of them, rather than simply counting cases as we did previously. Following on from this, and in conjunction with our Trade Union partners in October 2011, we conducted a time recording exercise involving nine teams across the country to test whether the trial weightings were properly balanced and representative of the work undertaken by FCAs, and to ascertain the extent to which the average workload weighting scores, as reported by the use of the tool, were indicative of a standard full time workload.

The results of the exercise showed that on average, respondent FCAs work 44.2 hours each week. Those working in public law recorded an average of 47 hours per week; those working in private law (non-early intervention teams) an average of 44.3 hours; and those in early intervention teams an average of 40.9 hours per week. 87% of work time was recorded as spent on case-related tasks. This included direct work with families, early intervention work, report writing, time at court, court and office duty, case-related travel, case-related phone calls and administration work related to a specific case.

<sup>14</sup> Annette Brooke MP's 2009 research through Freedom of Information enquiries found that social workers' annual absence rate was 11.8 days a year. The national average in the public sector was 9.7 days, including 11 in the NHS and 10.2 in the police.

The results of the time recording exercise were used, in conjunction with feedback gained throughout the trial and at three focus groups involving thirty FCAs from across the country, to review the workload weighting system to ensure it takes into account of the many factors that affect workloads and practitioner capacity, and that the system is more sensitive to the workload impact of reports being ordered in both private and public law, and court duty commitments of early intervention staff. The revised Workload Weighting tool, based on this feedback, is due to be launched in July 2012.

## Operating Framework

We continued to develop our Operating Framework during the year, in consultation with our own staff and key stakeholders. As part of this work, all internal policies were reviewed and, where possible, incorporated into the Framework so that staff are able to access key organisational information in one place. Where we have retained standalone policies, these have each been simplified and shortened in line with the Munro recommendations, to increase accessibility and reduce bureaucracy for staff. The Framework supports staff in their work, setting out the expectations the organisation in each area of our work and outlining the principles of proportionate practice. The finalised Framework and the policies underpinning it were made available to staff and stakeholders from 2nd April 2012 and a key priority for the forthcoming year will be to ensure that its principles are embedded into frontline practice and business support functions.

## National Improvement Service

During the year we set up a National Improvement Service (NIS) to help support practice improvement across the country. Following the 2010-11 intensive development programme for managers, the focus of the service has switched to acting as a commissioned service, through which targeted support is provided to meet individual service areas' or local teams' development needs. The team is also responsible for rolling-out core training modules, developing online training materials for our 'MySkills' online learning platform and providing bespoke support or mentoring to individuals. The team also has an internal auditing role in reviewing local practice and developing action plans for service areas based on good practice developed throughout the country.

## Research activities

During the year we were involved in the external tendering of two research contracts, one of which included the pre-proceedings study referred to on page 17 and the second on behalf of the Department in respect of supervised contact centres. We also began a further study, similar to that conducted in 2009, into Children's Guardians' views about care applications made during a three week period in November 2011. The follow-up study seeks to update the 2009 findings and determine the reasons behind the continued and unprecedented increase in care applications. The research findings were published in May 2012.

## Electronic Case File (ECF)

This year we built on the success of the 2010-11 Transformation Programme and continued to consolidate the core IT service. This included the successful roll-out of our ECF during the year, with all practitioners being trained on the new system. It allows practitioners to access all of their case files electronically, even if they are not based in their usual office location and allows them to update case documents in 'real time', for example if they are working from court. The ECF brings with it added security, reducing the need for hard copy files to be transported and helps ensure that all files are saved in the same format and location.

## New iTrent HR and Payroll system

We developed a new HR and Payroll system that brings these functions together online and replaces paper processes such as printed payslips. It offers staff quicker and simpler access to all their HR information, including self service access to their payslips, expense claims, annual leave requests and, later in 2012-13, their performance assessments. The system, which is designed to help us make savings of £300k per annum, has been rolled-out in several stages and all staff have had access to various modules from April 2012.

## Transforming our technology – making it easier for people to do their jobs

During the year we began a Future Working Programme, comprising a series of projects to help change the way we work and to support the Operating Framework principles. The programme comprises a number of interlinked infrastructure, supporting services and mobile device projects designed to free up staff time from bureaucratic tasks, enable more mobile working and help them work more efficiently, as well as some more behind-the-scenes initiatives to improve and speed up some of the systems that underpin our work. Amongst the initiatives are the provision of BlackBerrys to practitioners to support flexible and mobile working, trialling the use of tablet computers as an alternative to laptops, and a pilot centralising all calls to reduce the call-handling burden on local offices.

In addition we have:

- achieved an 84% overall satisfaction rating with basic IT services across the organisation.
- made substantial savings (over £330K, annualised) in comparable running costs by reconciling records, closing unneeded accounts and ensuring the return of unused and under-used equipment.
- completed a formal financial benchmark of key IT services, making further ongoing operational savings.

## Reducing our estate

This year, in line with government policy and the Secretary of State's requirement to reduce the number of Cafcass offices by one third between 2010 and 2013, and the need to make further savings we closed an additional five offices, bringing our estate down from 93 offices in 2009-10, to the current 62 across England. To some extent our estates strategy has been dictated by external factors, including the need to reuse vacant government buildings and practical factors such as the expiry of long-term leases. Where offices have closed, we have sought to retain the ability to see service users in the local area through the use of children's centres and voluntary organisations' facilities as well as, where possible, retaining 'drop-in' facilities. All new offices are compliant with the requirements of the Equality Act 2010.

## Sustainable development

We are committed to operating an efficient estate and to reducing the environmental impact of its operations and their associated costs.

For the last two years we have focused on the transformation of frontline services and the reduction of our offices. As a result of this

rationalisation, there have been significant reductions in electricity, gas, water, waste and CO2 emissions shown overleaf.

This year's report has been prepared in accordance with guidelines laid down by HM Treasury in 'Public Sector Sustainability Reporting' (published at [www.financial-reporting.gov.uk](http://www.financial-reporting.gov.uk)), where baseline data exists.

We have provided a greater coverage of video conferencing facilities to reduce the need for staff to travel between offices for meetings and have recently undertaken a review of all IT assets, which has significantly contributed to our waste reduction figures with a high volume of used kit returned to the service provider for re-use.

In November 2011 we began implementation of a closed-loop system for the recycling of waste paper which will be rolled-out nationally. Working in partnership with our stationery supplier, waste paper will be collected from our offices, securely shredded and then reprocessed into new paper which is then sold back to the scheme participants.

In the forthcoming year Cafcass will work closely with our Department to develop a formal Sustainable Operations delivery plan that is aligned to the Government Greening Commitments.

## Summary of Performance against Key Sustainability Targets

**Table 2: Annual spend against utilities, waste and CO<sub>2</sub>**

	2009-10	2010-11	2011-12
Electricity	£618,850	£608,501	£471,834
Gas	£73,824	£82,233	£63,799
Water	£88,046	£95,763	£70,087
Waste	£24,674	£27,638	£21,594
CO <sub>2</sub> (t)	3,297	3,693	2,886

Reductions in the above have primarily been achieved through the rationalisation of our estate, by using space more efficiently and co-locating with other organisations.

**Table 3: Cafcass business travel<sup>15</sup>**

		Travel						
		Bus	Grey Fleet (personal vehicle)	Air	Rail	Car Hire	Taxi	Non Contract
% travel per mode based on the Department's breakdown		3.33%	23.40%	8.62%	46.17%	8.76%	4.83%	4.89%
2009-10	Carbon (t)	6.71	47.13	17.36	93.03	17.65	9.73	9.86
	Cost (£)	11,306	63,444	15,030	432,465	79,600	76,092	30,821
2010-11	Carbon (t)	6.51	45.75	16.85	90.31	17.13	9.45	9.57
	Cost (£)	10,975	61,586	14,589	420,191	77,270	73,864	29,919
2011-12	Carbon (t)	6.27	44.04	16.22	86.94	16.49	9.09	9.21
	Cost (£)	10,565	59,288	14,045	404,509	74,386	71,107	28,802

<sup>15</sup> Cafcass did not collect this data in 2011-12. The data shown is based on figures collected for the Department and is extrapolated from its figures. The figures shown are estimates only and should not be read as an exact record of Cafcass' spend in these areas.

## Risk Management

Cafcass' approach to risk assessment and management is set out in a Risk Management Policy. Significant strategic risks that could potentially have an effect on our ability to achieve our objectives are identified on our Corporate Risk Register, together with specific management actions to mitigate each individual risk. Significant operational risks are identified on our Local Risk Registers.

## Public Sector Information Holder's Disclosure

Cafcass has complied with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information Guidance.

## Reporting of personal data related incidents

No protected personal data-related incidents were formally reported to the Information Commissioner's Office (ICO) in 2011-12.

**Table 4: Summary of protected personal data related incidents in 2011-12**

Incidents deemed by the Data Controller<sup>16</sup> not to fall within the criteria for reporting to the Information Commissioner's Office, but recorded centrally, are set out in the table below.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	2
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Cafcass premises	5
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	26
V	Other	4

<sup>16</sup> Cafcass' Information Assurance and Data Handling Officer.

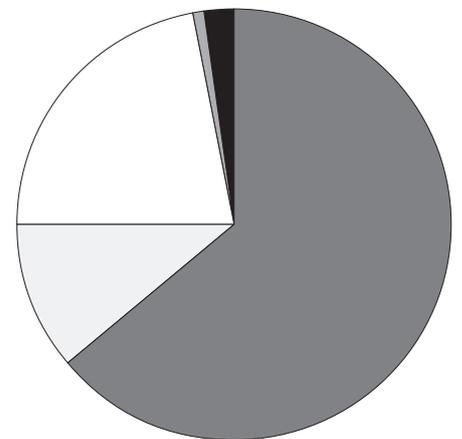
# Financial commentary

In 2011-12, Cafcass was awarded grant funding from Central Government of £128 million. We also received separate additional funding of £2.450 million for Contact Services and a further £1.4m to assist with demand pressures in the current financial year and to meet essential needs, including some IT costs, which would otherwise have added further pressure to the 2012-13 budget.

A summary of how we spent our budget is shown below and further details are provided within our 2011-12 Accounts in Section 5.

**Figure 6: How we spent our budget 2011-12**

Staff costs	63%	£83.305m
SEC / Agency staff costs	11%	£14.648m
Other Operating Charges	23%	£29.668m
Depreciation	1%	£0.810m
Partnerships costs	2%	£2.891m



## Annual Accounts 2011-12

The Statement of Accounts of Cafcass for the year ended 31st March 2012 has been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with the Accounts Direction dated 12th April 2002 given under Schedule 2, paragraph 13(2) of the Criminal Justice and Court Services Act 2000.

The Accounts are audited by the Comptroller and Auditor General, who is appointed by Statute. The audit fee is £52,000 for 2011-12 (the same as in 2010-11). There have been no non-audit services during 2011-12.

As far as the Chief Executive in his role as Accounting Officer is aware, there is no relevant audit information of which Cafcass' auditors are unaware. He has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that Cafcass' auditors are aware of that information.

The Cafcass Statement of Financial Position as at 31st March 2012 shows net liabilities of £159.131 million, including the pension liability of £147.967 million. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from Cafcass' other sources of income, may only be met by future grants or Grants-in-Aid from Cafcass' sponsorship Department. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be issued in advance of need.

The aggregate amount owed to trade creditors at 31st March 2012 compared with the aggregate amount invoiced by suppliers during the year, expressed as a number of days in the same proportion to the total number of days in the financial year, is equal to 10.87 days (25.17 days in 2010-11).

Interest of £22 has been paid or claimed by creditors under the Late Payment of Commercial Debts Act (£nil in 2010-11).

# Performance against Key Performance Indicators 2011-12

This section charts the progress we have made against our Key Performance Indicators (KPIs) as agreed with the Secretary of State for Education.

Key Performance Indicator 1: Public law		
<p>97% of the public law care workload should be allocated when taken as a snapshot.</p> <p>To avoid delay in public law proceedings of all types, we have set a standard that 97% of our workload should be allocated when taken as a snapshot.</p> <p>Targets            &gt;= 97% GREEN            90% - 96% AMBER            &lt;= 89% RED</p>	<p>2011-12 Performance</p> <p><b>98.4% GREEN</b></p>	<p>Performance has remained stable this year. Of the total 17 service areas, 15 achieved Green level and the rest achieved Amber level. This is despite the continuing increase in care demand, on average 850 applications per month compared to 767 applications last year. Nationally, we have been able to maintain the overall monthly performance to Green level for all of 2011-12.</p>
<p><b>Source:</b> All data is taken from the Cafcass Case Management System (CMS), which is a live national database.  <b>Calculation method:</b> Snapshot of total allocated public law cases divided by snapshot of total open public law workload (open and ongoing cases not concluded). For monthly reporting the snapshot is taken once a month at month end. Annual figures are an average of the 12 months.  <b>Assumptions:</b> Allocated includes cases allocated on substantive basis to a named practitioner.  <b>Changes:</b> The definition of allocated cases was changed in 2011-12 to include only cases allocated to a named practitioner fulfilling the functions of a Children's Guardian.</p>		

## Key Performance Indicator 2: Private law

97% of the private law workload should be allocated when taken as a snapshot.

To avoid delay in private law proceedings of all types, we have set a standard that 97% of our workload should be allocated when taken as a snapshot.

**Targets**

>= 97% GREEN

90% - 96% AMBER

<= 89% RED

2011-12

**99.2% GREEN**

Performance has increased compared to last year (96.4%). All of the 17 service areas are in the Green banding. Nationally, performance has been in the Green banding for each individual month in the year.

**Source:** All data is taken from the Cafcass Case Management System (CMS), which is a live national database.

**Calculation method:** Snapshot of total allocated private law cases divided by snapshot of total open private law workload (open and ongoing cases not concluded). For monthly reporting the snapshot is taken once a month at month end. Annual figures are an average of the 12 months.

**Assumptions:** Workload cases can have only two statuses within our CMS: allocated or unallocated. Allocated includes cases allocated on a duty or substantive basis to a named practitioner.

**Changes:** This KPI was unchanged from 2010-11.

### Key Performance Indicator 3: Safeguarding

Quality of practice in safeguarding rated overall as satisfactory or above.

Our practitioners' safeguarding work should be rated as Satisfactory, or above, by their Service Manager, on our Q4C performance management system.

**Targets**

>= 97% GREEN

90% - 96% AMBER

<= 89% RED

2011-12

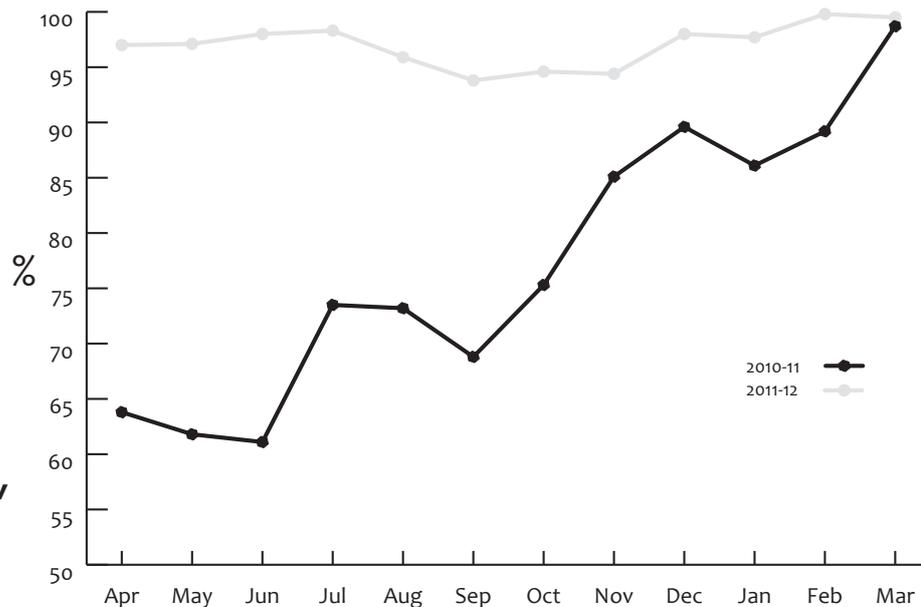
**96.2% AMBER**

Performance has remained at the Amber banding in each month in the year. Of the 17 services areas, five were in the Green banding, nine were Amber, and three were Red.

**Source:** All data is taken from the Cafcass Quality for Children (Q4C) performance management system, which is a national database. As part of Q4C, our FCAs' safeguarding work is checked by Service Managers and given a rating of Inadequate, Satisfactory, Good or Outstanding.

**Calculation method:** This indicator measures the most recent assessment for each employed practitioner as a snapshot at the end of the month. A year-to-date average is reported to build a picture of performance for the year as it progresses.

**Changes:** In 2010-11 this indicator measured each safeguarding assessment recorded throughout the year; this was changed to look at only the most recent assessment for each individual, as a month-end snapshot.



**Figure 7: KPI 4 Public law care cases allocated by the Case Management Conference**

### Key Performance Indicator 4: Public law

Cafcass will allocate (on an ongoing, not a duty basis) all care cases by the Case Management Conference (CMC) hearing, measured as 45 calendar days from application date.

This indicator is a measure of the ability to allocate, on a substantive basis, a Cafcass Family Court Adviser or self-employed contractor as a Children’s Guardian to all public law care cases by the point in time at which the Public Law Outline (PLO) specifies that the CMC is to take place.

**Targets**  
 >= 97% GREEN  
 90% - 96% AMBER  
 <= 89% RED

2011-12

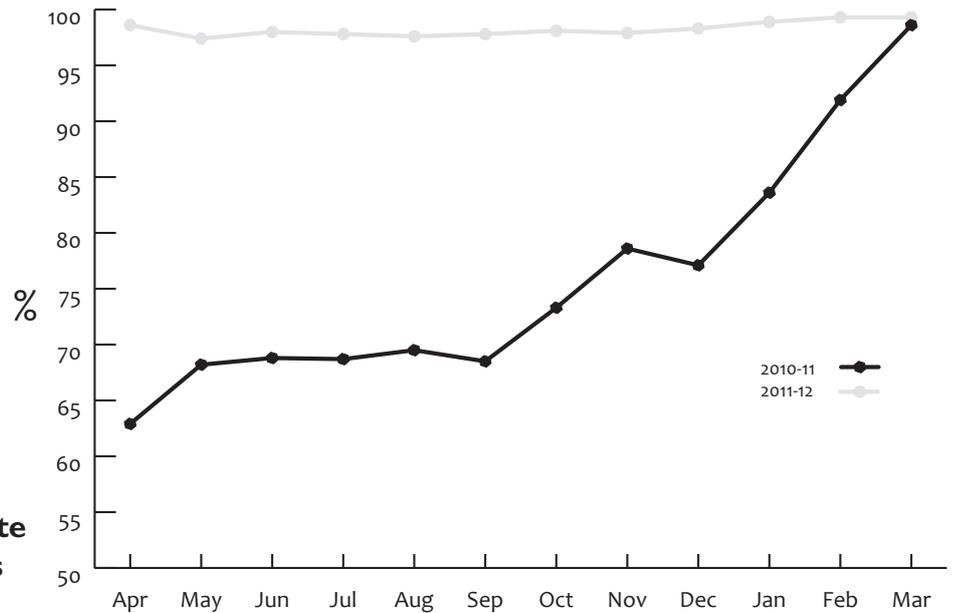
**97% GREEN**

Of the 17 service areas, 16 are in the Green banding overall, with one in the Red banding. Performance for this year has stayed at the Green level.

**Source:** All data is taken from the Cafcass Case Management System (CMS), which is a live national database.

**Calculation method:** The number of cases substantively allocated within 45 calendar days from application date, divided by the total number of care cases allocated. Annual figures are an average of the 12 months.

**Changes:** This KPI has remained unchanged from 2010-11 except the whole year’s performance is included in the measurement.



**Figure 8: KPI 5 Private law section 7 reports filed by agreed date**

## Key Performance Indicator 5: Private Law

Cafcass will measure the percentage of section 7 reports that meet their agreed filing times, for each of the four new types of reports.

- a) Multiple issue
- b) Single issue
- c) Risk assessment
- d) Wishes and feelings

This indicator is a measure of the ability to file the four categories of report, set out in schedule I of the President's Private Law Programme 2010, by the date agreed with the court.

Targets:  
 >= 97% GREEN  
 90% - 96% AMBER  
 <= 89% RED

2011-12

- a) **98.1% GREEN**
- b) **98.4% GREEN**
- c) **98.4% GREEN**
- d) **98.5% GREEN**

Overall **98.3% GREEN**

Of the 17 service areas, 14 were in the Green banding, with three in the Amber banding. Nationally, performance has been in the Green banding for each individual month in the year.

**Source:** All data is taken from the Cafcass Case Management System (CMS) which is a live national database.

**Calculation method:** The number of section 7 reports filed by the agreed date, divided by the total number of section 7 reports filed.

**Changes:** This KPI has remained unchanged from 2010-11 except the whole year's performance is included in the measurement.

Figure 9: Cafcass service area map April 2012

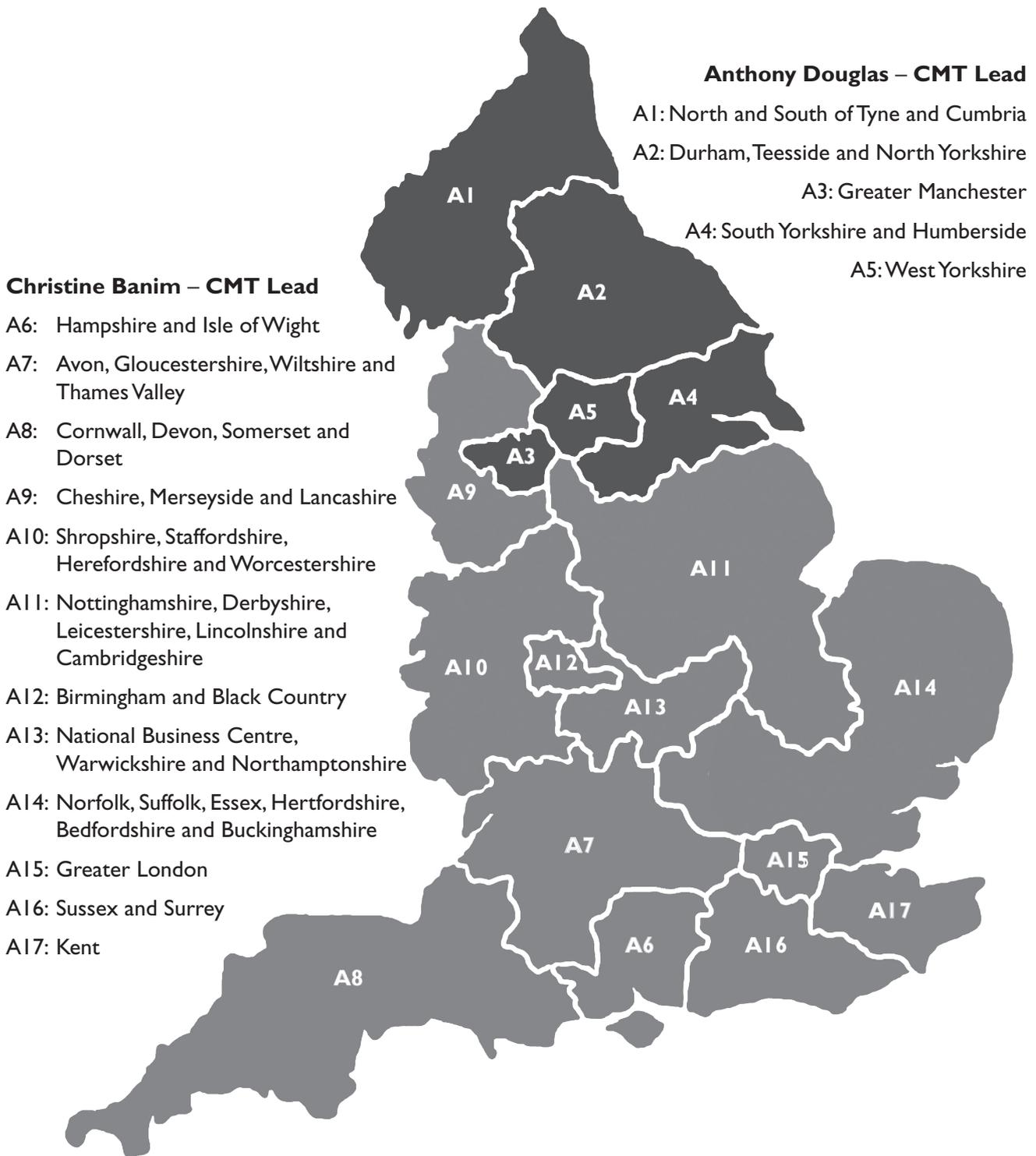


Table 5: Numbers of children per service area

Head of Service	Service Area	Geographic areas covered	Number of children in new cases	Number of public law cases	Number of private law cases
Carole Goodman	A1	North and South of Tyne and Cumbria	3,125	619	1,543
Marie Gittins	A2	Durham, Teesside and North Yorkshire	3,385	663	1,605
Shabana Jamal	A3	Greater Manchester	4,773	855	2,496
Hilary Barrett	A4	South Yorkshire and Humberside	4,385	710	2,277
Hilary Barrett (cover)	A5	West Yorkshire	4,463	867	2,260
Naintara Khosla	A6	Hampshire and the Isle of Wight	2,667	359	1,521
Kevin Gibbs	A7	Avon, Gloucestershire, Wiltshire and Thames Valley	5,110	673	2,757
Peter Mitchell	A8	Cornwall, Devon, Somerset and Dorset	4,152	683	2,155
Colette Dutton	A9	Cheshire, Lancashire and Merseyside	7,104	1,037	3,805
Vera Boyes	A10	Shropshire, Staffordshire, Herefordshire and Worcestershire	3,256	474	1,785
Neville Hall	A11	Nottingham, Derbyshire, Leicestershire, Lincolnshire and Cambridgeshire	6,721	999	3,574
Ana Popovici	A12	Birmingham, Black Country	4,299	711	2,188
Liz Elgar	A13	National Business Centre, Warwickshire and Northamptonshire	2,368	367	1,242
Sarah Parsons	A14	Norfolk, Suffolk, Essex, Hertfordshire, Bedfordshire and Buckinghamshire	7,292	1,183	3,739
Ana Popovici and Naintara Khosla	A15	Greater London	11,316	1,893	5,837
Ana Popovici	A16	Sussex and Surrey	3,122	527	1,588
Steve Hunt	A17	Kent	2,732	450	1,406
<b>National Total</b>			<b>80,270</b>	<b>13,070</b>	<b>41,778</b>

# Key Roles and Responsibilities

## The Cafcass Corporate Management Team (CMT)

The membership of CMT, as at 1st April 2012 was as follows:

- Anthony Douglas, CBE Chief Executive
- Christine Banim, Operational Director
- Julie Brown, Director of Finance
- Bruce Clark, Director of Policy
- Charlotte McCafferty, Director of Legal Services
- Jabbar Sardar, Director of Human Resources and Organisational Development

## The Cafcass Board

The Cafcass Board members have corporate responsibilities relating to the governance of Cafcass as a non-departmental public body and for ensuring the organisation complies with any statutory or administrative requirements for the use of public funds. As at 1st April 2012 the Board members were:

- Baroness Tyler of Enfield (Chair)
- Professor Ian Butler
- Terence Connor
- John Lakin (appointed from 1st April 2012)
- Mary MacLeod OBE, Deputy Chair (reappointed)
- Francis Plowden (appointed from 1st April 2012)
- Baroness Ritchie of Brompton
- Fay Selvan (appointed from 1st April 2012)
- Kamaljit Singh
- Stuart Smith (appointed from 1st April 2012)
- Professor June Thoburn CBE (term expired in April 2012 but will continue to support the Board as a professional adviser)

Baroness Tyler of Enfield was appointed as Chair of the Board on 23rd January 2012, following the expiry of Baroness Howarth's term.

Honor Rhodes was appointed to the Board from 15th June 2012.

Other members whose terms expired during the reporting period were:

- Jennifer Bernard
- Mark Eldridge
- Ernie Finch
- Nicholas Stuart CB

Baroness Ritchie of Brompton sadly passed away in April 2012.

The responsibilities of Cafcass Board members include:

- ensuring that high standards of corporate governance, including risk management, financial, operational and compliance controls, are observed at all times.
- establishing the overall strategic direction of Cafcass within the policy and resources framework agreed with the Department.
- ensuring that Cafcass operates within the limits of its statutory authority and any delegated authority agreed with the Department and in accordance with any other conditions relating to the use of public funds.

The Chair and members of the Board are appointed under Schedule 2, paragraph 1 of the Act. The rules governing the appointment of Board members and co-opted members are covered in regulations 4 to 7 of the Children and Family Court Advisory and Support Service (Membership, Committee and Procedure) Regulations 2005.



Anthony Douglas, CBE  
Chief Executive and Accounting Officer  
Date: 22nd June 2012

# Section 2: Remuneration Report

## Part A: (unaudited information) Service contracts

### Remuneration policy

Cafcass staff members are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure approved by the Department for Education (DfE), the sponsorship Department.

### Remuneration Panel

A Remuneration Panel identifies appropriate remuneration packages for Cafcass' senior executives. The Panel is made up of three Board members, the Chair, the Deputy Chair and the Chair of the Audit and Risk Assurance Committee.

### Governance

The Remuneration Panel recommends proposals for the remuneration of the Chief Executive to the Department and approves proposals from the Chief Executive about the remuneration of senior executive staff. The Department approves annual pay reviews and performance-related payments for the Chief Executive. The Department appoints Cafcass Board members and determines their remuneration. Board members are statutory office holders and as such do not hold a contract of employment.

Cafcass appointments are made in accordance with the Cafcass Recruitment Code of Practice, which recognises that in order to provide a high-quality service to the children and families that we serve it is vital that we recruit and retain people who share our aims and values and who have the skills and abilities to perform effectively at all levels through fair and open competition. Unless otherwise stated, those covered by this Report hold appointments that are open-ended until they reach the normal retiring age of 65. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the individual contract of employment. Members of the Corporate Management Team are required to provide four months' notice to terminate their contract.

- Anthony Douglas CBE, the Chief Executive, was appointed initially on a three-year contract commencing on 1st September 2004. This contract was renewed in September 2007 for a further three years. In November 2010 Anthony Douglas became a permanent staff member.
- The Cafcass Board Members are appointed on one, two or three-year terms.

## Part B: (audited information)

Board members	2011-12		2010-11	
	Salary (£000)	Benefits in kind (to nearest £100)	Salary (£000)	Benefits in kind (to nearest £100)
Baroness Claire Tyler (Chair from 23rd January 2012)	9 (44 full year equivalent)	-	-	-
Baroness Howarth of Breckland OBE (Chair until 23rd January 2012)	36 (44 full year equivalent)	-	44	-
Jennifer Bernard	10	-	10	-
Mark Eldridge (Deputy Chair)	14	-	14	-
Ernie Finch MBE	10	-	10	-
Nicholas Stuart CB (Co-opted to the Board)	10	-	10	-
Baroness Ritchie of Brompton	10	-	10	-
Professor June Thoburn CBE	10	-	10	-
Mary MacLeod OBE	10	-	10	-
Professor Ian Butler	10	-	10	-
Terence Connor	10	-	10	-
Kamaljit Singh	10	-	10	-
Richard Sax (to 30th Sept 2010)	-	-	5 (10 full-year equivalent)	-
Margo Boye-Anawoma (to 30th April 2010)	-	-	1 (10 full-year equivalent)	-
Erica De'Ath OBE (to 30th April 2010)	-	-	1 (10 full-year equivalent)	-

	2	3	4	5	6
	Real increase in pension and related lump sum at age 60 (£2,500 bands) (£000)	Total accrued pension at age 60 at 31st March 2012 and related lump sum (£2,500 bands) (£000)	CETV at 31st March 2012 (£000)	CETV at 31st March 2011 (£000)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)
Baroness Claire Tyler	0.0-2.5 plus 0.0-2.5	0-5 plus 0-5 lump sum	2	-	2

## Salary and pension entitlements

The remuneration for Cafcass Board members is shown on page 42 and the remuneration for the Corporate Management Team is shown on page 44. Remuneration includes gross salary, allowances and ordinarily, for the Corporate Management Team, up to 10% performance-related pay (PRP) and employer's contributions to the West Yorkshire Pension Scheme. For the year ended 31st March 2012, the Performance Related Pay Scheme remained suspended, for the second year running, in recognition of the financial position of the public sector and the responsibility on all its constituent parts to exercise restraint, in particular in the area of senior management pay. Cafcass salary ranges are established by considering factors such as relevant external comparator pay levels, internal relativities, affordability, recruitment and retention risks and political sensitivity. Further information on the Cafcass pension schemes can be found in notes 1(f), 5 and 23 to the Accounts.

### Benefits in kind

None of the Cafcass Board members or the Corporate Management Team received benefits in kind.

### Pension benefits

Columns 4 and 5 of the table on page 44 show the members' cash equivalent transfer value (CETV) accrued at the end and at the beginning of the reporting period. Column 6 reflects the increase in CETV effectively funded by the employer. It takes

account of the increase in accrued pension due to inflation and contributions paid by the employee, including the value of any benefits transferred from another pension scheme or arrangement, and uses common market valuation factors for the start and the end of the period.

## Cash equivalent transfer values

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figure shown relates to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figure, and from 2004-05, the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the pension provider and for which the pension provider has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing of additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Table 7: Corporate Management Team Remuneration 2011-12

		1	2	3	4	5	6
	Salary 2010-11 (performance pay) (£5,000 bands) (£000)	Salary 2011-12 (performance pay) (£5,000 bands) (£000)	Real increase in pension and related lump sum at age 60 (£2,500 bands) (£000)	Total accrued pension at age 60 at 31st March 2012 and related lump sum (£2,500 bands) (£000)	CETV at 31st March 2012 (£000)	CETV at 31st March 2011 (£000)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)
Anthony Douglas, CBE Chief Executive	160-165 (o)	160-165 (o)	0.0-2.5 decrease plus 7.5-10.0 decrease	70-75 plus 190-195 lump sum	1,631	1,628	(82)
Charlotte McCafferty, Director of Legal Services	110-115 (o)	110-115 (o)	0.0-2.5 plus 0.0-2.5 decrease	30-35 plus 80-85 lump sum	689	599	59
Jabbar Sardar, Director of HR & Organisational Development	115-120 (o)	110-115 (o)	0.0-2.5 plus 0.0-2.5 decrease	30-35 plus 75-80 lump sum	425	311	98
Julie Brown, Director of Finance	110-115 (o)	110-115 (o)	0.0-2.5 plus 0.0-2.5	5-10 plus 0-5 lump sum	71	41	28
Vince Clark, Operational Director (South) (until 31st December 2011)	115-120 (o)	80-85 (o) (110-115 full year equivalent)	0.0-2.5 plus 0.0-2.5 decrease	30-35 plus 80-85 lump sum	549	458	67
Darren Scates, Director of Transformation and Technology (until 30th June 2011)	110-115 (o)	25-30 (o) (110-115 full year equivalent)	2.5-5.0 decrease plus 0.0-2.5	0-5 plus 0-5 lump sum	-	34	(36)
Christine Banim, Operational Director	115-120 (o)	115-120 (o)	2.5-5.0 plus 2.5-5.0	35-40 plus 85-90 lump sum	830	712	81
Darren Shaw, Operational Director (North) (until 31st January 2012)	115-120 (o)	110-115 (o) (110-115 full year equivalent)	0.0-2.5 plus 0.0-2.5 decrease	30-35 plus 75-80 lump sum	391	324	50
Bruce Clark, Director of Policy	115-120 (o)	110-115 (o)	0.0-2.5 plus 0.0-2.5	60-65 plus 0-5 lump sum	884	778	66

A severance payment was made to Vince Clark, a member of CMT, of £113,688 in accordance with contractual terms.

Table 8: Top to median staff pay multiples ratio

	2011-12		2010-11
Highest earner's total remuneration (£000)	225-230	Highest earner's total remuneration (£000)	160-165
Median total remuneration	40.316	Median total remuneration	40.316
Ratio	1:5.64	Ratio	1:4.03

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Cafcass in the financial year 2011-12 (on a full-year equivalent basis) was £225,000 to £230,000 (2010-11, £160,000 to £165,000). The 2011-12 figure included severance pay. This was 5.6 times (2010-11, four times) the median remuneration of the workforce, which was £40,000 to £45,000 (2010-11, £40,000 to £45,000).

In 2011-12, nil (2010-11, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £10,000 to £227,000 (2010-11, £10,000 to £161,000).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and cash equivalent transfer value of pensions.

Over the past 12 months, we reduced our overall workforce numbers by 75 to balance our budget and protect frontline roles. Three Directors left the organisation over the past 12 months and none of the posts have been replaced, thus creating further savings.



Anthony Douglas, CBE  
Chief Executive and Accounting Officer  
Date: 22nd June 2012

# Section 3: Statement of Cafcass' and Accounting Officer Responsibilities

Under the Criminal Justice and Court Services Act 2000, the Secretary of State has directed Cafcass to prepare for each financial year a Statement of Accounts in the form and on the basis set out in the Accounts Direction. The Accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Cafcass and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis.
- make judgements and estimates on a reasonable basis.

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Financial Statements.
- prepare the Financial Statements on a going-concern basis.

The Principal Accounting Officer of the Department for Education has designated the Chief Executive as Accounting Officer of Cafcass. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Cafcass' assets, are set out in the Accounting Officers' Memorandum issued by Her Majesty's Treasury and published in Managing Public Money.

# Section 4: Governance Statement

# Cafcass 2011-12 Governance Statement

## The Governance Framework

- Cafcass is an executive non-departmental public body (NDPB) of the Department for Education. I am the Chief Executive, as well as the Accounting Officer; which are different facets of the same role. I am personally responsible and accountable to Parliament for the organisation and quality of management in Cafcass, including its use of public money and the stewardship of its assets. I take this responsibility and accountability very seriously. I am accountable to the the Secretary of State for Education. Quarterly accountability meetings are held between the Chair of Cafcass, the Chief Executive of Cafcass and the Minister with responsibility for Cafcass, at which all key areas of risk are discussed, and performance data and the results of inspections and audits are scrutinised. Quarterly sponsorship meetings are also held between the Chief Executive, the Cafcass Corporate Management Team (CMT) and Departmental officials, to ensure that the Department is fully informed of Cafcass' issues and concerns and Cafcass is fully aware of the Department's requirements.
- The Chair of the Cafcass Board was Baroness Valerie Howarth (until 23rd January 2012) and then Baroness Claire Tyler. The Cafcass Board is an independent body of appointed members who come from a variety of backgrounds. The Cafcass Board use their expertise and experience to establish Cafcass' strategic aims and objectives and to represent Cafcass in the public arena, liaising with our stakeholders and partner organisations. Each Board member has a set portfolio of work to support the delivery of the organisation's strategic aims and objectives and to provide a strong challenge role on management issues, such as budget and performance.
- Reports to the Board are structured to ensure coverage of all main areas of Cafcass' business and the supporting data is quality-assured and robust. Various cycles of review and challenge are in place to ensure that the Board can place reliance on the information presented. This includes the work undertaken by our local Area Performance Analysts to ensure the accuracy of our case-related data and the performance indicators that it informs, as well as our financial information which is scrutinised by our local area finance teams. All this information is further reviewed and challenged by CMT prior to presentation to the Board. A problem-solving, immediate intervention model is used to rectify any mistakes or problems.
- The sub-committees of the Board comprised an Audit and Risk Assurance Committee (ARAC), an Expenditure Control Group, a Remuneration Committee, a Board Practice Committee and a Child Protection Committee. Throughout 2011-12, these groups made significant contributions to the organisation's new draft Operating Framework and associated policy simplification, for example the Child Protection Policy, the Complaints Procedure and the Employee Relations policy.
- The Cafcass Young People's Board continues to support the organisation as part of our governance structure. The services it provides to the organisation include sitting on recruitment panels, particularly focussing on the ability of a candidate to communicate with children; training staff teams jointly with internal or external trainers; carrying out Young People's Inspections of services; and mystery shopping exercises, to test awareness

of a child or young person's needs and rights, or making contributions to local partnership events. Two representatives of the Young People's Board attend the Cafcass Board.

- I am supported by the Directors who make up the Corporate Management Team (CMT) and who undertake monthly scrutiny of performance at all levels and take remedial action with any teams or service areas which under-perform. Within CMT, there are Directors for Finance, Policy, Legal Services, Human Resources and Organisational Development, and an Operational Director who provides direct leadership and management of operational services. The CMT also performs the role of a Budget Approval Panel, a Service Area Assurance Board and a Learning Action Panel, as the need arises.
- Services are delivered through 17 local service areas. Operational Area Management Teams meet monthly to manage performance and solve problems in the operational areas. Service Area Meetings (SAMs) take place in the area in the following week to translate corporate and operational area strategies into local action.
- Service Improvement Meetings (SIMs) are held in addition to SAMs in respect of those areas undergoing a major improvement programmes. Team meetings are held at varying intervals for various local purposes.
- After several years of stable membership, the Cafcass Board make-up changed during 2011-12 as several members' terms of service expired. Baroness Howarth, the Cafcass Chair for the last three years (and a Board member since 2004), left in January 2012 and was replaced as Chair by Baroness Claire Tyler. Board members were appointed

to replace those who could not serve any longer. A new Chair of the Audit and Risk Assurance Committee was appointed on 1st April 2012.

## The Board's performance, including its assessment of its own effectiveness, and assessment against the HMT Corporate Governance Code

Following a specific request from the Chair of the Audit and Risk Assurance Committee, Internal Audit (PricewaterhouseCoopers) undertook a review of the Cafcass governance arrangements as part of the 2011-12 Internal Audit programme. On the basis of the work performed, Internal Audit confirmed that the governance arrangements were operating effectively as follows:

- The Board and Corporate Management Team are structured to ensure that they are compliant with Governance processes, which are clearly documented.
- The Board provides sufficient monitoring of the Corporate Management Team to ensure compliance with these processes.
- Board actions are recorded, with progress in implementing them being monitored effectively through the updated log which is presented at each meeting.
- There is evidence of Board consultation and overall strategic direction in the production of the National Business Plan, with the link between Board priorities and the Business Plan being strong and effective.

**Table 9: Board member attendance for the Board and ARAC**

Board Members	Board	ARAC
Baroness Howarth of Breckland OBE (Chair until 23rd January 2012)	5/5	n/a
Baroness Claire Tyler (Chair from 23rd January 2012)	1/1	n/a
Jennifer Bernard	6/6	n/a
Mark Eldridge (Deputy Chair)	6/6	4/5
Ernie Finch MBE	6/6	4/5
Nicholas Stuart CB (Co-opted to the Board)	5/6	5/5
Baroness Ritchie of Brompton	5/5	2/2
Professor June Thoburn CBE	6/6	n/a
Mary MacLeod OBE	5/6	5/5
Professor Ian Butler	6/6	n/a
Terence Connor	6/6	n/a
Kamaljit Singh	6/6	n/a

Based on this review the Board considers it has effective governance arrangements in place. Also, as part of this review, Internal Audit compared current Cafcass arrangements with the revised HM Treasury 'Corporate governance in central government departments: a code of good practice' (issued July 2011). The code of practice is written from the perspective of a central government department and although many of the principles apply to arm's length bodies, the Code is not wholly applicable in every detailed respect to such bodies. Internal Audit identified two key items for consideration:

- Whether the Board should have a role in issues such as recruitment and succession planning: Cafcass responded by confirming the Board is fully involved in the strategy for succession planning and the development of the structure and capacity of the organisation.
- The need to undertake Board effectiveness reviews: both the April 2011 annual internal review (deferred as the Family Justice Review was the clear strategic priority) and a triennial independently-led review: Cafcass responded that this has been partly covered by the 2011-12 Board appraisal process, and that a process to deliver a full Board self-assessment will be considered for 2012-13 given that 2011-12 was a transitional year, with terms for a significant number of Board members expiring. The Board judges itself by its performance against the Department's remit letter, which sets out the key performance indicators set by the Secretary of State. Any future external review of Board effectiveness will use the remit letter as its basis.

Other than these items the Board considers it complies with the principles of the Corporate Governance Code.

The Audit and Risk Assurance Committee was notified at its Committee meeting in November 2011 that the new Chair will revisit these two issues at the time of agreeing responsibilities for the new Board members, who have been in post since 1st April 2012.

The above table shows the Board member attendance for the Board and Audit and Risk Assurance Committee (ARAC), and the number of meetings that individuals were eligible to attend (excluding meetings missed due to long-term sickness).

## The organisation's risk profile and how it is managed

Cafcass has a Strategic Risk Register which is reviewed on a quarterly basis and overseen by the Cafcass Audit and Risk Assurance Committee and the full Cafcass Board. A programme of work was also delivered in 2011-12 to revise the National Business Plan, which is reviewed by CMT and the Board on a quarterly basis. The local service areas identify the main risks they run and include these within their business plans. Up-to-date data on performance is collated into the Business Plans, nationally and locally, before the commentary is updated. Risk and impact analysis are included in each plan as a core element.

## Other relevant processes include

- unannounced inspections / healthchecks by our National Improvement Service, set up in July 2011, which consolidated the former three Quality Improvement Teams (under the previous

- operational structure) into one national service.
- the regular scrutiny of finance and performance at all levels of the organisation, culminating with CMT and the Cafcass Board.
- a rigorous external inspection programme (Ofsted) and internal audit programme (PricewaterhouseCoopers until 31st March 2012).
- development and commencement of an implementation programme for the new Cafcass Operating Framework, which sets out a proportionate approach across all aspects of our work, and aiming for 'buy-in' for this initiative from our staff and external stakeholders.
- roll-out of our Electronic Case File, which is improving the security and consistency of information.
- development of an implementation programme in Q3 / Q4 for an 'Immediate Intervention' framework, which includes greater clarity on the key stages and timings of public and private law casework; better streamlining of complaints handling through the National Business Centre to ensure that a response is delivered within five days, or by the next court hearing; fast-tracking of recruitment processes and HR casework on performance issues; allocation of casework derived through the revised workload weighting tool to ensure safe minimum budgets are set; and a programme of pilots to implement the electronic sharing of case documents between Cafcass, Local Authorities and the Courts, which will represent much greater value for money.
- a Service Area Assurance Board in the earlier part of 2011-2012, which addressed any local areas presenting performance weaknesses through a rapid improvement strategy approach, (this is

now addressed through the regular business of CMT, as this risk has reduced through the year).

- implementation of an Office Manager position statement process to target specific areas of known business weakness and raised through internal audits, such as timely absence recording, agency staff invoice processing, and local compliance with preferred supplier policy.

The effectiveness of the approaches outlined above can be evidenced through the continuous stability of our core work, as set out below.

## Productivity / Performance

- In the 2011-12 year to date, the number of unallocated care cases has never exceeded 0.2% of the total stock of open care cases. Performance in relation to care case allocation and the timeliness of their allocation has exceeded the 97% level set by the Secretary of State in the Cafcass Key Performance Indicators for 2011-12. This sustained level of performance has been achieved in the context of the incoming 'flow' of new care applications growing by more than 11% in the period throughout 2011-12.
- 97% + scores on data validation audits have been sustained throughout 2011-12 (the same score as in 2010-11).
- A further value for money improvement has been sustained in the area of sickness absence. The average practitioner sickness rate has reduced from 12.8 days in 2010-11 to 10.7 days in 2011-12.
- Between March and September 2011, Cafcass trialed a workload weighting system, which was developed in collaboration with Napo and Unison, to help better manage the caseloads of individuals.

The operation of the pilot has been reviewed and the scheme adjusted, following consultation with staff. Subject to formal agreement with the recognised partner trade unions, the revised scheme will be implemented in the context of a formal revision to the Workloads Agreement that has been in place since 2004.

- Private law productivity improvements have also been sustained throughout 2011-12. Section 7 welfare reports in respect of children are being supplied on time in more than 97% of cases (the level set in the relevant 2011-12 key performance indicator) throughout the period April 2011 to March 2012.

## Information Assurance

We are required to provide a position statement within this document on our Information Assurance arrangements.

- The Director of Policy performs the role of the Senior Information Risk Owner (SIRO), in accordance with Cabinet Office requirements. The SIRO is supported by the Information Assurance and Data Handling Officer and the IT Security Officer.
- In addition, an Information Assurance Programme Board (IAPB) meets on a quarterly basis, the membership of which comprises senior managers from all Cafcass functions (acting in the role of Information Assurance Owner) supported by technical specialists. The work carried out is focused on the regular assessment of risks to information security and the identification and following through of steps to mitigate those risks to an acceptable level.

- Each IAO is responsible for a range of Information Assets, which are defined as being information of value which is owned and/or used by the various business areas (data sets, databases and / or ICT systems) for which the IAOs are operationally responsible. Each IAO has categorised and classified all of their assets in accordance with the Department's impact level tables. Guidance is provided to all staff on the control, transportation and disposal of information.
- A further key task for the IAPB is to monitor, individually and collectively, all recorded data breaches in order that corporate-level learning and action can be taken in addition to individualised responses. Cafcass continues to assimilate Information Assurance into all of its workstreams. A new campaign promoting good practice has been launched within Cafcass in 2011-12, which has included the introduction of a 'MySkills' self-directed learning package, and a new poster campaign designed to promote improved awareness in all Cafcass offices. A summary of personal data related incidents is available on page 28.

## The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC), whose membership and Chair is appointed from the non-executive Board members, meets a minimum of five times each year and performs the statutory functions of an Audit Committee. The ARAC approves the internal audit programme, provides scrutiny of the strategic risk register and reports by internal and external audit, reviews and provides

input into the Annual Report and Accounts and recommends its approval to the full Board, and makes specific requests to management for additional assurance reports, if there is an area of concern. As well as regular reports, the Chair of the ARAC provides an annual report to the Board.

Separate to the standard business of ARAC, other specific areas of assurance, either requested or presented, were covered by the Committee in 2011-12, including:

- updates on the development of the Cafcass IT system and related performance issues.
- information on the pension scheme, given our high liability, and the options around this, specifically in relation to any potential transfer to a new sponsorship body.
- a report on the work of the new National Improvement Service, outlining the governance arrangements, how the work is delivered, and key outcomes thus far.
- continuous tracking of the status of recommendations and an update letter to the National Audit Office, from the findings that arose from the Public Accounts Committee in 2010.
- review of the risk and control framework in relation to issues identified through Ofsted inspections.
- determination of the future delivery model for the Internal Audit service, beyond 2011-12, following an options paper presented and agreed at the November ARAC.

## Internal Audit

The Head of Internal Audit (HIA) provides me with a written assessment on Cafcass' system of internal

control and this is timed to inform the Governance Statement. The assessment is based on the programme of work agreed in the annual internal audit plan and conducted during the year. For the period 2011-12, the HIA gave a 'moderate assurance' on the design adequacy and effectiveness of Cafcass' internal control system. No 'limited assurance' reports were received from Internal Audit during the period.

## Risk Management

The Board sets the overall risk tolerance. One of the ways it constrains overall exposure to risk is to set authority limits for managers within policies and processes under the governance structure. Cafcass' risk tolerance has been divided into the following six areas, based on the risks identified in the corporate risk register, as follows:

1. Safeguarding: Nil tolerance in respect of non-compliance with our Child Protection Policy.
2. Influencing and promoting change: Medium tolerance in respect of taking well-considered risks that influence and promote positive change.
3. Operational: Medium tolerance in respect of taking risks that will adversely affect our operations.
4. Working with external partners: Medium tolerance in respect of this, however tolerance for risks associated with the contractual aspect of these relationships is included under 'Financial management and propriety'.
5. Human Resources: Low tolerance in respect of taking well-managed risks to build our internal capability in this area.
6. Financial management and propriety: Nil tolerance in respect of this area.

Against the key Operational Priorities and the six strategic risks for Cafcass, the following audit and inspection assurance work has been delivered in 2011-12:

<b>Table 10: Audit and inspection assurance work</b>		
<b>2011-12 Operational Priority</b>	<b>2011-12 Strategic Risk</b>	<b>2011-12 Audit and Inspection Assurance Work</b>
Equality of access to high quality social work.	Failure to safeguard children and vulnerable adults in the cases that we deal with.	Regular Ofsted Inspections with improved results (consistently good/satisfactory). Two Internal Audits, which reviewed the Performance framework, one of which looked at the quality of data in regards to safeguarding assessments, and the other which reviewed general compliance with the framework. Both reviews received a 'moderate assurance' result from Internal Audit.  The work of the National Improvement Service and its rolling programme of annual health-checks.
Listen to, learn from and involve our service users.	Value of service user feedback is not recognised by teams. (The priority of this risk during 2011-12 is to focus on improving the handling of complaints from our service users).	Work led by the Policy Director over the course of 2011-12 to implement an effective organisational structure and system for the management and the handling of complaints.  Targeted work by the National Improvement Service in areas where there have been weaknesses around complaints handling.
Equality and diversity, central to all of our work.	Failure to demonstrate improvement in diversity practice through Inspections, audit and service user feedback.	A thorough and comprehensive review of this area by Internal Audit, with a 'moderate assurance' result, and received positively by relevant stakeholders.  National Improvement Service delivering targeted Diversity workshops to local areas.
Living within our means.	Failure to contain expenditure within grant allocation.	The work of National Audit Office, who provide external scrutiny of our financial statements.  Internal Audit have performed two significant pieces of work in this area: the first was a review of the organisation's Core Financial Arrangements, and the second, a review of the 'Agency Staffing' controls and the implementation plans to create a central point for the managing of this area of work – a further follow up piece of work on how effectively the new controls are operating, was delivered in Q4 with a 'moderate assurance result'.
Preparing Cafcass for its future.	Failure to develop and maximise opportunities to be an active and influential stakeholder in the shaping of the future Family Justice Service.	The Governance Review undertaken by Internal Audit in Q3 reviewed Cafcass' readiness to undergo a transitional period.  The review identified a potential risk around a 'loss of corporate memory' with the terms of a significant number of Board members expiring, and the need to ensure sufficient succession planning – the CMT are addressing this issue through a programme of work to address capacity and skills based risks.
Equality of access to high quality social work.	Demand pressures in the context of the current operating environment become too great for our capacity.	Ofsted Inspections review performance and timeliness of case allocations.  National Improvement Service review allocations as part of their local healthcheck methodology.  Maintaining local capacity through the dissemination of the Operating Framework and proportionate working model.

Internal Audit undertook an exercise with management in early Q3 to revisit the 2011-12 internal audit programme in order to ensure appropriate coverage against the five key strategic risks set out in the Strategic Risk Register and given any changes to individual risk profiles. A revised plan was presented to the ARAC and approved in November 2011. A sixth risk relating to demand pressures was added in January 2012.

- From April 2012, it is anticipated that the National Improvement Service will undertake some internal audit work of business systems, which was previously delivered by the external provider. Cafcass is currently in the process of forming its own in-house internal audit group drawing on an existing skills base held within our Finance and MIS teams. The current Internal Audit provider delivered an 'audit skilling' workshop in February 2012 to the proposed in-house staff group.
- A new external internal audit provider (Parkhill) commenced post on the 1st April 2012, following a re-tender exercise. The external provider performs the Head of Internal Audit role in compliance with Government Internal Audit Standards (GIAS). They quality assess and make recommendations to ensure that an appropriate level of assurance can be drawn from the work performed by the National Improvement Service. This creates a 'mixed economy' with this work and the work delivered under the external contract agreement. All findings and results are reported to the ARAC. This option enhances the quality of internal audit work and creates developmental opportunities for our own staff.

## Other significant issues of governance / control in 2011-12

- During 2011-12, two Cafcass service areas presented concerns. The problems in one service area were around financial compliance issues, specifically around the procurement of agency staff. This was caused by a weakness in the then local management structure and was an issue we ourselves identified through a piece of work undertaken by our National Improvement Service. A targeted improvement plan was implemented immediately, with follow-up audit work undertaken by ourselves and Internal Audit. Controls over the procurement of agency staff have been strengthened locally and nationally. The other service area's issues were performance related and are still the process of being addressed, with the Chief Executive providing some interim 'hands on' leadership in that area.
- We have not been able to meet fully the expectations of government property policy in this financial year on both affordability and service priority grounds. The cost of implementing all of the property changes that the application of policy demanded was not affordable without diverting significant funds from frontline service delivery. We continue to work within government property controls, but within an environment of limited resources which make some policy options unaffordable due to the costs of moving out of some properties.

## Looking forward Statement

- Cafcass will continue to be sponsored by the Department for Education for the 2012-13 financial year.
- This statement is also written in the context of recent changes to the Ofsted inspection methodology and our need to understand the impact of any potential changes to the standards against which Ofsted inspect us.
- Having said that, 2012-13 will be a continuation of the trends from this year, in terms of an anticipated and continuously high level of demand pressures and a continuation of our strategies to complete all casework within set timescales and to an ever higher standard. This latter point is crucial as our main push will be to continue improving the quality of what we do, building on our improvements year on year. Our framework for how we will do this is set out in our Operating Framework. This has been developed extensively throughout 2011-12 and which has been consulted on widely. It was launched on 2nd April 2012, along with a suite of revised policies, all of which have been simplified and cross-referenced to it. Securing assurance that the Operating Framework is being applied as envisaged will be a significant element of the Internal Audit programme and any potential changes to the standards by which Ofsted inspect us will also be factored in.
- April 2012 also saw the new Cafcass Board start to operate and the new Chair, Baroness Claire Tyler, intends to review the current range of sub-committees and overall Board working arrangements and satisfy herself they remain fit for purpose. I will also keep our operational

structure under constant review now that we have a succession planning programme in place to ensure that if we have a capacity gap to fill at any level, we have prepared managers for the next step up. In a similar vein, our National Improvement Service will carry out some internal audit work in conjunction with our new internal audit provider and that too will strengthen our capacity.

- I also foresee that the risks we have identified this year will remain the key risks next year and that the steps we have taken to mitigate those risks successfully this year will also stand us in good shape next year, so we will continue in that vein.
- We have already begun to identify potential savings for 2013-14, as we know we have a savings gap of at least £2 million. One area we will look at again is the business support side of the service, once some further services have been transferred to the National Business Centre over the new few months, such as call handling and the responsibility for Subject Access Requests – to name just a few.
- The context in which we are operating – the implementation of the Family Justice Review and very high demand pressures – means we will have to be flexible, agile and highly responsive to changing circumstances next year and this is what we are working on going forward.



Anthony Douglas, CBE  
Chief Executive and Accounting Officer  
Date: 22nd June 2012

# Section 5: Accounts 2011-12

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Children and Family Court Advisory and Support Service (Cafcass) for the year ended 31 March 2012 under the Criminal Justice and Court Services Act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of the Children and Family Court Advisory and Support Service, Accounting Officer and auditor

As explained more fully in the Statement of the Children and Family Court Advisory and Support Service and Accounting Officer's Responsibilities, the Children and Family Court Advisory and Support Service and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Criminal Justice and Court Services Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Cafcass' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Cafcass; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Cafcass' affairs as at 31 March 2012 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Criminal Justice and Court Services Act 2000; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Date: 28th June 2012



# Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31st March 2012

	Note	2011-12		2010-11	
		£000	£000	£000	£000
<b>Expenditure</b>					
Staff costs		82,643		90,362	
Past pension service cost / (gain)	4	662		(42,658)	
Total staff costs	4	83,305		47,704	
Self-employed contractors and agency staff	21	14,648		17,556	
Depreciation	8/9	810		1,189	
Partnerships	22	2,891		3,009	
Other expenditure	6	29,668		31,945	
			<b>131,322</b>		<b>101,403</b>
<b>Income</b>					
Income from activities	3/7	103		210	
			103		210
Net expenditure			<b>(131,219)</b>		<b>(101,193)</b>
Interest receivable / (payable)	23		698		(5,686)
Net expenditure after interest			<b>(130,521)</b>		<b>(106,879)</b>
<b>Other comprehensive expenditure</b>					
Net gain / (loss) on revaluation of property, plant and equipment			44		(145)
Net gain / (loss) on revaluation of intangibles			2		(11)
Net gain on revaluation of assets classified as held for sale			97		0
Pension fund actuarial (loss) / gain	23		(18,301)		38,094
<b>Total comprehensive expenditure for the year ended 31st March 2012</b>			<b>(148,679)</b>		<b>(68,941)</b>

The notes on pages 66 to 97 form part of these Accounts.

# Statement of Financial Position as at 31st March 2012

	Note	31st March 2012		31st March 2011	
		£000	£000	£000	£000
<b>Non-current assets</b>					
Property, plant and equipment	8	1,254		3,124	
Intangible assets	9	48		167	
<b>Total non-current assets</b>	3		<b>1,302</b>		<b>3,291</b>
<b>Current assets</b>					
Assets classified as held for sale	8.1	1,170		0	
Trade and other receivables	12	3,752		2,831	
<b>Other current assets</b>					
Cash and cash equivalents	13	1,552		15,803	
<b>Total current assets</b>			<b>6,474</b>		<b>18,634</b>
<b>Total assets</b>			<b>7,776</b>		<b>21,925</b>
<b>Current liabilities</b>					
Trade and other payables	14	(14,685)		(16,122)	
<b>Total current liabilities</b>			<b>(14,685)</b>		<b>(16,122)</b>
<b>Non-current assets less net current liabilities</b>			<b>(6,909)</b>		<b>5,803</b>
<b>Non-current liabilities</b>					
Provisions	15	(4,255)		(3,862)	
Pension liabilities	23	(147,967)		(130,549)	
<b>Total non-current liabilities</b>			<b>(152,222)</b>		<b>(134,411)</b>
<b>Assets less liabilities</b>			<b>(159,131)</b>		<b>(128,608)</b>
<b>Taxpayers' equity</b>					
General reserve			(160,344)		(129,801)
Revaluation reserve			1,213		1,193
			<b>(159,131)</b>		<b>(128,608)</b>

The Financial Statements on pages 62 to 97 were approved by the Board on 22nd June 2012 and signed on its behalf by:



Anthony Douglas, CBE  
Chief Executive and Accounting Officer  
Date: 22nd June 2012

# Statement of Cash Flows for the year ended 31st March 2012

		2011-12	2010-11
	Note	£000	£000
<b>Cash flows from operating activities</b>			
Net expenditure after interest	3	(130,521)	(106,879)
Depreciation	8/9	810	1,189
Loss / (profit) on disposal of assets		46	(13)
Increase in trade and other receivables	12	(921)	(743)
(Decrease) / increase in trade payables	14	(1,437)	4,669
In year additional pension costs	23	(883)	(34,272)
Increase in provisions	15	393	3,514
Impairments	8/9	150	152
Release of revaluation reserve against disposal		0	(16)
Release of revaluation reserve against downward revaluation of assets	11	0	(140)
<b>Net cash outflow from operating activities</b>		<b>(132,363)</b>	<b>(132,539)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(44)	(11)
Proceeds of disposal of property, plant and equipment		0	108
<b>Net cash (outflow) / inflow from investing activities</b>		<b>(44)</b>	<b>97</b>
<b>Cash flows from financing activities</b>			
Grant-in-Aid from parent department for resource expenditure		115,662	143,403
Grant-in-Aid from parent department for capital expenditure	8/9	44	11
Other grant funding received		2,450	3,461
<b>Net cash inflow from financing activities</b>		<b>118,156</b>	<b>146,875</b>
<b>Net (decrease) / increase in cash and cash equivalents in the period</b>			
Cash and cash equivalents at the beginning of the period	13	15,803	1,370
Cash and cash equivalents at the end of the period	13	<b>1,552</b>	<b>15,803</b>

# Statement of Changes in Taxpayers' Equity as at 31st March 2012

	Note	General Reserve £000	Revaluation Reserve £000	Total £000
<b>Balance at 31st March 2010</b>		<b>(207,934)</b>	<b>1,348</b>	<b>(206,586)</b>
<b>Changes in taxpayers' equity</b>				
Net gain on revaluation of property, plant and equipment	8	0	1	1
Net gain on revaluation of intangible assets	9	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure due to impairments	11	0	(140)	(140)
Release of reserves to the Statement of Comprehensive Net Expenditure due to disposals		0	(16)	(16)
Increase in reserves due to transferred in assets	8	43	0	43
Net expenditure after interest	3	(106,879)	0	(106,879)
Pension fund actuarial gains	23	38,094	0	38,094
<b>Total comprehensive expenditure</b>		<b>(68,742)</b>	<b>(155)</b>	<b>(68,897)</b>
Grant-in-Aid from parent department for resource expenditure		143,403	0	143,403
Grant-in-Aid from parent department for capital expenditure	8/9	11	0	11
Other grant funding received		3,461	0	3,461
<b>Balance at 31st March 2011</b>		<b>(129,801)</b>	<b>1,193</b>	<b>(128,608)</b>
<b>Changes in taxpayers' equity</b>				
Net gain on revaluation of property, plant and equipment	8	0	141	141
Net gain on revaluation of intangible assets	9	0	2	2
Release of revaluation reserve to general reserve due to impairments	11	74	(74)	0
Release of revaluation reserve to general reserve due to disposals		49	(49)	0
Increase in reserves due to transferred in assets		0	0	0
Net expenditure after interest	3	(130,521)	0	(130,521)
Pension fund actuarial losses	23	(18,301)	0	(18,301)
<b>Total comprehensive expenditure</b>		<b>(148,699)</b>	<b>20</b>	<b>(148,679)</b>
Grant-in-Aid from parent department for resource expenditure		115,662	0	115,662
Grant-in-Aid from parent department for capital expenditure	8/9	44	0	44
Other grant funding received		2,450	0	2,450
<b>Balance at 31st March 2012</b>		<b>(160,344)</b>	<b>1,213</b>	<b>(159,131)</b>

# Notes to the Accounts for the year ended 31st March 2012

## 1A Accounting policies

These Financial Statements have been prepared in accordance with the 2011-12 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Cafcass for the purpose of giving a true and fair view have been selected.

The particular policies adopted by Cafcass for the 2011-12 financial year are described below. They have been applied consistently in dealing with items that are considered material to the Accounts.

### a) Accounting convention

The Accounts are prepared under the historical cost convention, modified to include assets at their value to the business by reference to current costs. Without limiting the information given, the Accounts meet the accounting and disclosure requirements of the Companies Act 2006 and accounting standards issued or adopted by the Accounting Standards Board insofar as those requirements are relevant. The Accounts are also fully consistent with IFRS.

### b) Going concern

Parliament has voted Grant-in-Aid to Cafcass for the 12 months following the Statement of Financial Position date. Therefore, despite the Statement of Financial Position of net liabilities, Cafcass operates as a going concern.

In November 2011 the Final Report of the Family Justice Review was published. The Government published its response in February 2012. Government policy is that we will transfer from the Department for Education to the Ministry of Justice by the end of this spending review period in 2015.

It is therefore considered appropriate to adopt the going-concern basis for preparation of the Financial Statements, as Cafcass will continue to operate as a separate organisation for the foreseeable future.

### c) Property, plant and equipment

Freehold land and buildings were revalued in the 2011-12 financial year by reference to current cost indices as specified by the Valuation Office Agency (VOA). Freehold land and buildings were last externally valued by the VOA as at 31st March 2012 in accordance with the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors, insofar as this is consistent with current Treasury accounting guidance.

Freehold properties are subject to physical revaluation by the VOA at least every three years and by indexation using current cost indices during intervening years. Leasehold land and buildings and associated improvements are not subject to revaluation or indexation.

Freehold land and buildings that are available for immediate sale (and are expected to sell within one year from date of classification), have been reclassified in the Accounts as 'Assets classified as held for sale', in accordance with IFRS 5 and are presented separately under current assets in the Statement of Financial Position as at 31st March 2012.

Other property, plant and equipment, except for leasehold property, have been stated at their value to the business using appropriate indices published by the Office for National Statistics (ONS). Revaluations above the depreciated historic cost of an asset are credited to the revaluation reserve.

Any downward revaluation of property, plant and equipment below the asset's depreciated historic cost is recognised when it occurs through the Statement of Comprehensive Net Expenditure, offsetting against the revaluation reserve in the first instance.

Property, plant and equipment include those assets costing £2,500 or more. Individual items valued at less than the threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the threshold. Furniture and fittings are not capitalised but fully expensed in the year of acquisition.

## d) Intangible fixed assets

Intangible assets consist of software, software licenses and website and intranet costs. These have been stated at their value to the business using appropriate indices published by the ONS. Revaluations above the depreciated historic cost of these assets are credited to the revaluation reserve.

Any downward revaluation of intangible assets below the asset's depreciated historic cost is recognised when it occurs through the Statement of Comprehensive Net Expenditure, offsetting against the revaluation reserve in the first instance.

Intangible assets include those assets costing £2,500 or more. Individual items valued at less than the threshold are capitalised if they constitute integral parts of a composite asset that is in total valued at more than the threshold.

Intangible assets are periodically reviewed to ensure that they have been accurately stated at their value to the business.

## e) Depreciation

Freehold land is not depreciated.

Depreciation is provided to write-off property, plant and equipment and intangible assets by instalments, on a straight line basis, over their expected useful lives or for leased assets, over the life of the lease.

Due to the Flex contract initiating laptop replacements every four years, additional depreciation has been applied in the Accounts consistent with the reduction in life of existing laptops from five years to four years.

Expected useful lives are as follows:

Freehold buildings	Up to 60 years
Leasehold land and buildings	Up to 50 years or over the term of the lease
Leasehold improvements	Over the term of the lease
Office equipment	Seven years
Information technology	Five years
Laptops	Four years

## f) Pensions

Employees of Cafcass are members of the West Yorkshire Pension Fund (WYPF), which is funded on a pay-as-you-go basis. A small number of Cafcass staff retained membership of the Principal Civil Service Pension Scheme (PCSPS) by virtue of their earlier employment with one of Cafcass' predecessor organisations.

The amount charged to the staff costs for the PCSPS represents the contributions payable to the scheme in respect of current employees in the accounting period. Contributions are charged on a year-by-year basis in accordance with the requirements of the scheme administrators.

The assets of the WYPF, which is a defined benefit scheme, are held separately from those of Cafcass.

The scheme assets are measured at realisable value. Scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full on the face of the Statement of Financial Position. The movement in the scheme surplus / deficit is split between operating charges (within staff costs) and reserves in the case of actuarial gains and losses.

Net interest receivable on pension scheme assets is shown in operating cash flows.

## g) Grant-in-Aid

Grant-in-Aid, used to finance activities and expenditure that supports the statutory and other objectives of Cafcass, is treated as financing and credited to the general reserve, because it is regarded as contributions from a controlling party.

## h) Income from activities

Income from activities is generated from training, student placements and one-off receipts in the year. Income is recognised on the issuing of an invoice. All income is stated net of VAT.

## i) Insurance

With the exception of comprehensive insurance on contract lease and hire vehicles, Cafcass does not insure but carries its own risks for fire, accidental damage and similar accidents and claims at common law.

## j) Operating leases

Rentals under operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term. Amounts receivable are recognised to reduce the operating lease costs over the same period as the corresponding lease.

## k) Accounting for Value Added Tax

Cafcass is registered for VAT. It is unable to recover most of the VAT incurred on expenditure, although a small amount of VAT can be recovered where it is related to the costs recovered in court cases. Expenditure is therefore stated inclusive of any irrecoverable VAT.

## l) Financial instruments

Cafcass does not hold any complex financial instruments. The only financial instruments included in the Accounts are receivables and payables (notes 12 and 14).

Financial assets comprise of trade receivable and other receivables. Receivables are recognised at carrying value, reduced by appropriate allowances for estimated irrecoverable amounts.

Trade creditors are short term and are stated at carrying value in recognition that these liabilities fall due within one year.

## m) Provisions

A provision is recognised in the Statement of Financial Position when Cafcass has a present legal or constructive obligation arising from past events, and it is probable that an outflow of economic benefits will be required to settle the obligation.

# 1B Critical accounting judgements and key sources of estimation uncertainty

In the application of Cafcass' accounting policies, which are described in note 1A, the Corporate Management Team (CMT) are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### *Critical judgements in applying Cafcass' accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that CMT have made in the process of applying Cafcass' accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

### Provision for dilapidation liabilities on leasehold premises

Cafcass operates from a number of leasehold properties which include provision for the payment of dilapidations on exit from the premises. Cafcass considers it appropriate to recognise these liabilities through the creation of a provision while the premises is in active use for the foreseeable future, and to then accrue for the liability when the settlement is under negotiation and the exit imminent (generally within the next twelve months).

In making its judgement, CMT considers dilapidations as an obligation arising from the execution of a lease and so recognises this liability until such a time as the leasehold agreement has expired, the property vacated and settlement of the dilapidation claim agreed and made with the landlord.

## Provision for liabilities arising through legal proceedings

Cafcass keeps under review the level of risk presented through the bringing of formal action against it, typically through Employment Tribunal claims. In making its judgement, Cafcass considers the cost and risk profile of individual known cases and recognises these as a liability where there is reasonable assurance of a claim being accepted by a tribunal for hearing, which may or may not result in court attendance. A small number of claims are settled prior to the start of the tribunal.

### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the Statement of Financial Position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

## Provisions for liabilities and charges

Provision estimates occur through an internal review process and in accordance with IAS37. Where a provision is deemed to exist, the amount created is estimated with reference to suitable expert opinion (E.g. Legal provisions after reference to legal representation, estates provisions after reference to suitably qualified estates personnel).

## Pension costs and valuations

Pension assets are estimated at realisable value. Scheme liabilities are estimated using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. All estimates are performed by actuaries and in accordance with IAS19.

## 2 Change of accounting policy

There have been no significant changes to the accounting policies, as described in Cafcass' 2010-11 Annual Report and Accounts.

### 2a) New Standards not yet effective

The section below sets out new IFRSs and other accounting changes that have been issued but are not yet effective, and includes an assessment of the impact when applied where this can be reasonably estimated.

### Accounting standards and other FReM changes issued and effective in 2011-12 for the first time

Standard (amendment / new)	Effective date	Summary	FReM impact
IFRS 7 – Financial Instruments: Disclosures (annual improvements)	1st January 2011 (EU Adopted)	Amendments to the disclosure requirements of the nature and extent of risks arising from financial instruments, in particular, linking qualitative and quantitative disclosures and clarifying collateral disclosure.  <b>Impact: Not material given very limited use of Financial Instruments.</b>	2011-12
IAS 24 – Related Party Disclosures (amendment)	1st January 2011 (EU Adopted)	The amendments clarify the definition of a related party and simplify the disclosure requirements that are controlled, jointly controlled or significantly influenced by a government.  <b>Impact: Limited.</b>	2011-12 - with current FReM interpretations
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1st January 2011 (EU Adopted)	Sets out the accounting treatment where an entity issues equity instruments to settle a financial liability.  <b>Impact: Limited.</b>	2011-12

## Accounting standards issued but not yet effective

Standard (amendment / new)	Effective date	Summary	FReM impact
IAS 1 – Presentation of financial statements (Other Comprehensive Income (OCI))	1st June 2012 (not EU adopted yet)	<p>Requiring items of OCI to be grouped on the basis of whether they might at some point be reclassified ('recycled') from OCI to profit (e.g. cash flow edges) or where they will not (e.g. gains on property revaluation).</p> <p><b>Impact: Minimal.</b></p>	Subject to consultation
IFRS 7 – Financial Instruments: Disclosures (annual improvements)	1st July 2011	<p>Increased disclosure requirements for transfers of financial assets.</p> <p>Where entities have transferred financial assets outside of the legal body, disclosures are required to reflect the impact of this, particularly where the entity retains some form of interest in those assets.</p> <p><b>Impact: Minimal.</b></p>	2012-13 IFRS 7 in full
IFRS 9 – Financial Instruments	1st January 2015 (as per exposure draft issued 4th August 2011 – not yet EU adopted)	<p>The project has three phases:</p> <p>Phase 1 addresses classification and measurement issues.</p> <p>Phase 2 addresses impairments.</p> <p>Phase 3 addresses hedge accounting.</p> <p><b>Impact: Minimal.</b></p>	Subject to consultation
IFRS 13 – Fair Value Measurement	1st January 2013 (not yet EU adopted)	<p>IFRS 13 has been prepared to provide consistent guidance on fair value measurement for all relevant balances and transactions covered by IFRS (except where IFRS 13 explicitly states otherwise).</p> <p><b>Impact: Minimal.</b></p>	Subject to consultation
IPSAS 32 – Service Concession Arrangement	1st January 2014	<p>IPSAS 32 provides a financial reporting standard for the grantor in accounting for service concession arrangements.</p> <p>IFRIC 12 is interpreted for the public sector context. In accordance with the financial reporting hierarchy, the FReM allows reference to IPSAS in the absence of guidance from IFRS.</p> <p><b>Impact: Minimal.</b></p>	Subject to consultation

## Financial reporting – Future developments

Standard (amendment / new)	Effective date	Summary	FReM impact
IAS 17 replacement – leases	Ongoing Review	The proposals will be re-exposed, but are expected to include the abolition of the current operating-finance lease categorisation. Instead, assets and liabilities will be recognised on a ‘right of use’ basis.  <b>Impact: Minimal.</b>	Subject to consultation when IFRS issued
IAS 18 replacement – Revenue Recognition and Liabilities Recognition	Effective no earlier than 1st January 2015 (as per ED)	Re-issued in November 2011, the Exposure Draft seeks to develop a single conceptual model, and general principles, for determining when revenue should be recognised in the financial statements – replacing IAS 18 and IAS 11.  <b>Impact: Minimal.</b>	Subject to consultation when IFRS issued
Emissions trading	Ongoing IASB and IPSAS review	Emissions trading schemes are designed to achieve a reduction of greenhouse gases through the use of tradable emission permits.  <b>Impact: Minimal.</b>	Subject to consultation
IASB Practice Statement – Narrative reporting	Not mandatory	The proposals draw upon international best practice in the preparation and presentation of management commentary.  <b>Impact: Minimal.</b>	

The above listing is not intended to be exhaustive, but rather to illustrate where a future impact on Cafcass’ Annual Report and Accounts may occur.

### 3 Analysis of net expenditure by segment

	North South-West £000	Central South-East £000	Other £000	Total £000
<b>2011-12</b>				
Gross expenditure	38,149	53,704	38,771	130,624
Income	(1)	(1)	(101)	(103)
<b>Net expenditure</b>	<b>38,148</b>	<b>53,703</b>	<b>38,670</b>	<b>130,521</b>
<b>Non-current assets</b>	<b>598</b>	<b>321</b>	<b>383</b>	<b>1,302</b>
<b>*2010-11</b>				
Gross expenditure	43,258	57,733	6,098	107,089
Income	(1)	0	(209)	(210)
<b>Net expenditure</b>	<b>43,257</b>	<b>57,733</b>	<b>5,889</b>	<b>106,879</b>
<b>Non-current assets</b>	<b>1,449</b>	<b>765</b>	<b>1,077</b>	<b>3,291</b>

Segments are identified on a geographic basis, and segment reporting structured to reflect the standard monthly management information provided to the chief operating decision makers.

\* The 2010-11 comparative for Note 3 has been restructured to reflect the 2011-12 change in Cafcass' management reporting structure. The total values reported in the 2010-11 Accounts have not changed.

## 4 Staff numbers and related costs

	Cafcass Board Members £000	Corporate National Office staff £000	Regional Staff £000	Total £000
<b>2011-12</b>				
Salaries and wages	149	6,417	57,062	63,628
Social security costs	10	569	4,883	5,462
Other pension costs	1	3,280	7,624	10,905
Past pension service cost	0	93	569	662
<b>Total payroll costs</b>	<b>160</b>	<b>10,359</b>	<b>70,138</b>	<b>80,657</b>
Temporary staff costs	0	930	1,716	2,646
Secondee costs	0	2	0	2
<b>Total staff costs</b>	<b>160</b>	<b>11,291</b>	<b>71,854</b>	<b>83,305</b>

### Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

Average whole time equivalent numbers employed	2	118	1,559	1,679
Average number of temporary staff	0	39	71	110

### 2010-11

Salaries and wages	155	8,087	60,193	68,435
Social security costs	12	566	4,895	5,473
Other pension costs	0	3,653	9,885	13,538
Past pension service gain	0	(11,509)	(31,149)	(42,658)
<b>Total payroll costs</b>	<b>167</b>	<b>797</b>	<b>43,824</b>	<b>44,788</b>
Temporary staff costs	0	822	2,081	2,903
Secondee costs	0	13	0	13
<b>Total staff costs</b>	<b>167</b>	<b>1,632</b>	<b>45,905</b>	<b>*47,704</b>

\* Staff cost includes a credit of £42.658m which relates to the pension past service cost. The credit is as a result of changes to the inflation rate used to work out the pension scheme obligations. See pension note 23 for more information.

### Average number of persons employed

The average number of whole-time equivalent persons employed during the year was as follows:

Average whole time equivalent numbers employed	2	129	1,568	1,699
Average number of temporary staff	0	42	107	149

The total staff cost includes a cost of £0.962m relating to severance / voluntary early redundancy in 2011-12. In total 88 employees were involved. In 2010-11 there were severance / voluntary early redundancy costs of £1.812m involving 115 employees.

The average number of persons employed is shown as full-time equivalents for National Office and regional staff members on permanent or fixed-term contracts who are paid through payroll.

## 4.1 Reporting of Civil Service and other compensation schemes – exit packages

	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Exit package cost band	2011-12 (2010-11)	2011-12 (2010-11)	2011-12 (2010-11)
Less than £10,000	47 (20)	12 (27)	59 (47)
£10,000-£25,000	17 (8)	4 (25)	21 (33)
£25,000-£50,000	3 (6)	0 (16)	3 (22)
£50,000-£100,000	0 (7)	4 (5)	4 (12)
£100,000-£150,000	0 (0)	1 (0)	1 (0)
£150,000-£200,000	0 (1)	0 (0)	0 (1)
<b>Total number of exit packages by type</b>	<b>67 (42)</b>	<b>21 (73)</b>	<b>88 (115)</b>
<b>Total resource cost / £000</b>	<b>544 (1,039)</b>	<b>478 (1,503)</b>	<b>1,022 (2,542)</b>

Redundancy and other departure costs have been paid under the terms of the Local Government Pension Scheme and in accordance with the Cafcass Redundancy Policy. Exit costs are accounted for in full in the year of departure.

## 5 Pension costs (and see note 23)

Cafcass participates in the WYPF scheme and the PCSPS. The WYPF scheme is a multi-employer defined benefit scheme in which Cafcass' share of the underlying assets and liabilities are identified.

The current contribution rate was previously determined by the independent fund actuaries, Mercer Human Resource Consulting, at the time of the last revaluation, and is 15.2% for 2011-12. Aon Hewitt Limited is the currently appointed fund actuaries. The contribution rate is based on service to Cafcass and ill health retirements. Employer's contributions to the Scheme for the year amounted to £10.819m (excluding costs of £0.060m relating to the voluntary early retirement programme) with 1,770 employees participating in the scheme during 2011-12 (2010-11: £10.761m excluding costs of £0.064m relating to voluntary early retirement / 1,591 employees).

The last independent actuarial valuation of the WYPF scheme was on 31st March 2010 and revealed that the scheme was 93% funded in relation to past service. The valuation is based on assets and liabilities at 31st March 2012. Following the actuarial valuation, the revised employer contribution rates for Cafcass have been set as follows:

- **2011-12 – 2013-14** 15.2%

In addition cash contributions are payable £3.179m in 2012-13 and £3.852m in 2013-14.

The PCSPS is an unfunded multi-employer defined benefit scheme for which Cafcass is unable to identify its share of the underlying assets and liabilities. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. A full actuarial valuation was carried out as at 31st March 2007 and revised contribution rates applied from 1st April 2011. Full details can be found at [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

For 2011-12, employer's contributions of £0.077m (2010-11: £0.077m) were payable to the PCSPS at one of three rates in the range of 19.5% to 25.5% of pensionable pay, based on salary bands.

The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Eight employees participated in the PCSPS during 2011-12 (2010-11: 8), and none of these individuals were in a partnership pension account or a stakeholder pension.

## 6 Other expenditure

		2011-12	2010-11
	Note	£000	£000
Accommodation costs		11,173	12,045
Outsourced finance and ITC services		8,238	8,019
Travel and subsistence		3,457	3,159
Telecommunications and postage		2,315	1,957
Office supplies, printing and stationery		1,416	2,076
Legal costs		1,014	937
Fuel and utilities		363	370
System support costs		339	1,402
Recruitment costs		312	310
Vehicle costs		272	350
Training costs		257	757
Interpreters and translators		235	216
Staff related costs		172	153
Impairments	11	150	12
Internal audit costs		145	117
External audit costs		52	52
Loss / (profit) on disposal of property, plant and equipment	8/9	46	(32)
Other provisions no longer required	15	(710)	(144)
Other		422	189
<b>Total</b>		<b>29,668</b>	<b>31,945</b>

No fees were paid to the external auditors for the provision of non-audit services (2010-11: Nil).

## 7 Income

	2011-12	2010-11
	£000	£000
Training	103	206
Award of court costs	0	0
Other income	0	4
<b>Total income from activities</b>	<b>103</b>	<b>210</b>

## 8 Property, plant and equipment

	Land & Buildings excluding Dwellings	Leasehold Land, Buildings & Improvements	Information Technology & Telecoms	Office Equipment	Total
	£000	£000	£000	£000	£000
<b>2011-12</b>					
<b>Cost or valuation</b>					
@ 01/04/11	2,390	882	3,979	43	7,294
Additions	0	0	44	0	44
Transferred in	0	0	0	0	0
Assets classified as held for sale	(1,308)	0	0	0	(1,308)
Disposals	0	(361)	(832)	(4)	(1,197)
Revaluations	117	0	19	5	141
Impairments	(174)	0	0	0	(174)
<b>@ 31/03/12</b>	<b>1,025</b>	<b>521</b>	<b>3,210</b>	<b>44</b>	<b>4,800</b>
<b>Depreciation</b>					
@ 01/04/11	244	826	3,067	33	4,170
Charged in year	29	16	638	6	689
Transferred in	0	0	0	0	0
Assets classified as held for sale	(138)	0	0	0	(138)
Disposals	0	(323)	(824)	(4)	(1,151)
Revaluations	0	0	0	0	0
Impairments	(24)	0	0	0	(24)
<b>@ 31/03/12</b>	<b>111</b>	<b>519</b>	<b>2,881</b>	<b>35</b>	<b>3,546</b>
<b>NBV @ 31/03/12</b>	<b>914</b>	<b>2</b>	<b>329</b>	<b>9</b>	<b>1,254</b>
<b>NBV @ 31/03/11</b>	<b>2,146</b>	<b>56</b>	<b>912</b>	<b>10</b>	<b>3,124</b>
<b>Asset financing</b>					
Owned	914	2	329	9	1,254
NBV @ 31/03/12	914	2	329	9	1,254

## 8 Property, plant and equipment cont...

	Land & Buildings excluding Dwellings	Leasehold Land, Buildings & Improvements	Information Technology & Telecoms	Office Equipment	Total
	£000	£000	£000	£000	£000
<b>2010-11</b>					
<b>Cost or valuation</b>					
@ 01/04/10	2,578	882	4,493	58	8,011
Additions	0	0	11	0	11
Transferred in	0	0	60	0	60
Disposals	(103)	0	(312)	(16)	(431)
Revaluations	0	0	0	1	1
Impairments	(85)	0	(273)	0	(358)
@ 31/03/11	<b>2,390</b>	<b>882</b>	<b>3,979</b>	<b>43</b>	<b>7,294</b>
<b>Depreciation</b>					
@ 01/04/10	238	747	2,683	45	3,713
Charged in year	30	79	882	4	995
Transferred in	0	0	17	0	17
Disposals	(15)	0	(305)	(16)	(336)
Revaluations	0	0	0	0	0
Impairments	(9)	0	(210)	0	(219)
@ 31/03/11	<b>244</b>	<b>826</b>	<b>3,067</b>	<b>33</b>	<b>4,170</b>
<b>NBV @ 31/03/11</b>	<b>2,146</b>	<b>56</b>	<b>912</b>	<b>10</b>	<b>3,124</b>
<b>NBV @ 31/03/10</b>	<b>2,340</b>	<b>135</b>	<b>1,810</b>	<b>13</b>	<b>4,298</b>
<b>Asset financing</b>					
Owned	2,146	56	912	10	3,124
NBV @ 31/03/11	<b>2,146</b>	<b>56</b>	<b>912</b>	<b>10</b>	<b>3,124</b>

The cost of additions to property, plant and equipment is funded through (capital) Grant-in-Aid.

Freehold land as at 31st March 2012 was valued at £0.337m (2010-11: £0.740m).

Property assets were independently revalued by the VOA as at 31st March 2012 in accordance with the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors, insofar as this is consistent with current Treasury accounting guidance.

The property values have been provided on the basis of Existing Use Value (EUJ), apportioned between the land and the buildings with an assessment of the remaining life of the latter (Practice Statement 4.3).

Property valuations do not include any notional directly attributable acquisition costs and have not been reduced for any expected selling costs, as they are not considered material to the valuations.

Eight Cafcass freehold land and building sites have been classified as current assets held for sale in the Accounts.

They have therefore been excluded from the valuation of Cafcass' property, plant and equipment as at 31st March 2012.

Appropriate ONS indices have been applied to other property, plant and equipment for the 2011-12 financial year-end.

## 8.1 Assets classified as held for sale

The classes of assets classified as held for sale are as follows:

	2011-12	2010-11
	£000	£000
Property, plant and equipment – land and buildings	1,170	0
<b>Total assets classified as held for sale</b>	<b>1,170</b>	<b>0</b>

## 9 Intangible assets

	Information Technology	Software Licenses	Websites that Deliver Services	Total
	£000	£000	£000	£000
Intangible assets comprise software, software licenses, and website and intranet costs.				
<b>2011-12</b>				
<b>Cost or valuation</b>				
@ 01/04/11	588	308	77	973
Additions	0	0	0	0
Disposals	(3)	0	0	(3)
Revaluations	0	1	1	2
Impairments	0	0	0	0
@ 31/03/12	<u>585</u>	<u>309</u>	<u>78</u>	<u>972</u>
<b>Depreciation</b>				
@ 01/04/11	531	218	57	806
Charged in year	33	67	21	121
Disposals	(3)	0	0	(3)
Revaluations	0	0	0	0
Impairments	0	0	0	0
@ 31/03/12	<u>561</u>	<u>285</u>	<u>78</u>	<u>924</u>
<b>NBV @ 31/03/12</b>	<u>24</u>	<u>24</u>	<u>0</u>	<u>48</u>
<b>NBV @ 31/03/11</b>	<u>57</u>	<u>90</u>	<u>20</u>	<u>167</u>

	Information Technology	Software Licences	Websites that Deliver Services	Total
	£000	£000	£000	£000
Intangible assets comprise software, software licenses, and website and intranet costs.				
<b>2010-11</b>				
<b>Cost or valuation</b>				
@ 01/04/10	632	331	83	1,046
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Impairments	(44)	(23)	(6)	(73)
@ 31/03/11	<b>588</b>	<b>308</b>	<b>77</b>	<b>973</b>
<b>Depreciation</b>				
@ 01/04/10	483	150	39	672
Charged in year	88	84	22	194
Disposals	0	0	0	0
Revaluations	0	0	0	0
Impairments	(40)	(16)	(4)	(60)
@ 31/03/11	<b>531</b>	<b>218</b>	<b>57</b>	<b>806</b>
<b>NBV @ 31/03/11</b>	<b>57</b>	<b>90</b>	<b>20</b>	<b>167</b>
<b>NBV @ 31/03/10</b>	<b>149</b>	<b>181</b>	<b>44</b>	<b>374</b>

The cost of additions to intangible assets is funded through (capital) Grant-in-Aid.

## 10 Financial instruments

As the cash requirements of Cafcass are met through Grant-in-Aid provided by the Department, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with expected purchase and usage requirements, and are therefore exposed to limited, liquidity or market risk.

Cafcass has very limited powers to borrow or invest surplus funds, and consequently financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing Cafcass in undertaking its activities.

### Fair values

There is no significant difference between the book value and fair value of any of Cafcass' financial assets and liabilities as at 31st March 2012.

### Liquidity risk

Cafcass' net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. Cafcass is therefore not exposed to significant liquidity risks.

### Interest rate risk

Cafcass is not exposed to significant interest rate risk.

### Credit risk

The financial assets held by Cafcass are cash and cash equivalents and other receivables. Cafcass' credit risk is primarily attributable to its other receivables. An allowance for impairment is made where there is evidence that the debt may not be received under the original terms of the debt concerned.

### Foreign currency risk

Cafcass is not exposed to any significant foreign currency risk.

## 11 Impairments

	Cost charged to Comprehensive Net Expenditure	Depreciation credited to Comprehensive Net Expenditure	Revaluation Reserve released to Comprehensive Net Expenditure	Net impact of impairments in Comprehensive Net Expenditure
	£000	£000	£000	£000
<b>2011-12</b>				
Land and buildings	174	24	0	150
IT and telecoms	0	0	0	0
Intangible assets	0	0	0	0
	<b>174</b>	<b>24</b>	<b>0</b>	<b>150</b>
<b>2010-11</b>				
Land and buildings	85	9	69	7
IT and telecoms	273	210	61	2
Intangible assets	73	60	10	3
	<b>431</b>	<b>279</b>	<b>140</b>	<b>12</b>

## 12 Trade receivables and other current assets

	2011-12	2010-11
	£000	£000
<b>Amounts falling due within one year</b>		
Other receivables	1,733	730
Provision for bad debts	(13)	(13)
Prepayments	2,016	2,097
Travel advances	4	5
	<b>3,740</b>	<b>2,819</b>
<b>Amounts falling after more than one year</b>		
Deposits and advances	12	12
	<b>12</b>	<b>12</b>
<b>Analysis of balances by counterparty</b>		
Balances with Central Government bodies	1,567	440
Balances with Local Authorities	954	1,029
Balances with NHS Trusts	2	7
Balances with bodies external to Government	1,229	1,355
	<b>3,752</b>	<b>2,831</b>

## 13 Cash and cash equivalents

	Cash	Bank	Total
	£000	£000	£000
<b>2011-12</b>			
Balance at 1st April 2011	18	15,785	15,803
Net change in cash and cash equivalent balance	(3)	(14,248)	(14,251)
Balance at 31st March 2012	<u>15</u>	<u>1,537</u>	<u>1,552</u>

The following balances at 31st March 2012 were held at:

Government Banking Service and cash in hand	<u>15</u>	<u>1,537</u>	<u>1,552</u>
Balance at 31st March 2012	<u>15</u>	<u>1,537</u>	<u>1,552</u>

### 2010-11

Balance at 1st April 2010	19	1,351	1,370
Net change in cash and cash equivalent balance	(1)	14,434	14,433
Balance at 31st March 2011	<u>18</u>	<u>15,785</u>	<u>15,803</u>

The following balances at 31st March 2011 were held at:

Government Banking Service and cash in hand	<u>18</u>	<u>15,785</u>	<u>15,803</u>
Balance at 31st March 2011	<u>18</u>	<u>15,785</u>	<u>15,803</u>

Cash balances at 31st March 2011 include £13.190m due to the early receipt of April 2011 Grant-In-Aid funding.

## 14 Trade payables and other current liabilities

	2011-12	2010-11
	£000	£000
<b>Amounts falling due within one year</b>		
Taxation and social security	2,716	2,984
Trade payables	2,574	5,933
Other payables	55	81
Accruals and deferred income	8,675	6,317
Annual leave accrual	665	807
	<b>14,685</b>	<b>16,122</b>
<b>Analysis of balances by counterparty</b>		
Balances with Central Government bodies	2,843	2,370
Balances with Local Authorities	95	64
Balances with NHS Trusts	0	6
Balances with Public Corporations	1,012	1,302
Balances with bodies external to Government	10,735	12,380
	<b>14,685</b>	<b>16,122</b>

## 15 Provisions for liabilities and charges

	Employment Claims	Other Claims	Onerous Contracts	Dilapidations	Total
	£000	£000	£000	£000	£000
<b>2011-12</b>					
Balance at 1st April 2011	320	213	280	3,049	3,862
Provided in the year	382	0	0	1,153	1,535
Provisions not required written back	(144)	(213)	0	(189)	(546)
Provisions reclassified as accruals	0	0	(115)	(49)	(164)
Provisions utilised in the year	(146)	0	(165)	(121)	(432)
Balance at 31st March 2012	<b>412</b>	<b>0</b>	<b>0</b>	<b>3,843</b>	<b>4,255</b>
<b>Analysis of expected timing of discounted flows</b>					
Not later than one year	412	0	0	2,167	2,579
Later than one year and not later than five years	0	0	0	1,302	1,302
Later than five years	0	0	0	374	374
	<b>412</b>	<b>0</b>	<b>0</b>	<b>3,843</b>	<b>4,255</b>
<b>2010-11</b>					
Balance at 1st April 2010	261	87	0	0	348
Provided in the year	304	213	280	3,049	3,846
Provisions not required written back	(124)	(20)	0	0	(144)
Provisions reclassified as accruals	0	0	0	0	0
Provisions utilised in the year	(121)	(67)	0	0	(188)
Balance at 31st March 2011	<b>320</b>	<b>213</b>	<b>280</b>	<b>3,049</b>	<b>3,862</b>
<b>Analysis of expected timing of discounted flows</b>					
Not later than one year	320	213	280	1,611	2,424
Later than one year and not later than five years	0	0	0	1,280	1,280
Later than five years	0	0	0	158	158
	<b>320</b>	<b>213</b>	<b>280</b>	<b>3,049</b>	<b>3,862</b>

IAS37 requires the recognition of a provision (a liability that is of uncertain timing or amount) when it exists at the Statement of Financial Position date. It must therefore fulfil the criteria of being a present obligation arising from a previous event, where it is probable there will be a transfer of economic benefits to settle the obligation and where a reliable estimate can be made of the amount of the obligation. Cafcass makes provisions for legal or constructive obligations (liabilities), which are of uncertain timing or amount at the Statement of Financial Position date, on the basis of the best estimate of the expenditure required to settle the obligation.

## Employment claims

Employment claims relate to employment tribunal cases that are likely to be brought against Cafcass, which may or may not result in court attendance.

## Other claims

Other claims relate to legal and/or contractual obligations other than those identified separately below.

## Onerous contracts

Onerous contracts relate to obligations to continue meeting financial commitments under a contract where the goods or services that were the subject of the contract are no longer accessed or in use. The full future liability is recognised at the point there is no ongoing benefit from the contract.

## Dilapidations

Cafcass operates from a number of leasehold properties which include provision for the payment of dilapidations on exit from the premises. Cafcass considers it appropriate to recognise these liabilities through the creation of a provision while the premises is in active use for the foreseeable future, and to then accrue for the liability when the settlement is under negotiation and the exit imminent (generally within the next twelve months). Provisions have been maintained for these using actual information and industry information on the most likely costs for dilapidations per square metre.

There is an ongoing programme of planned closures instigated as part of an overall efficiency programme, but further extended through the requirement of the Cabinet Office exercise lease-breaks and expiries. This has caused a rapid acceleration in the realisation of dilapidation costs, in particular where a large number of lease agreements entered in to when Cafcass was formed are coming – or have come – to their 10 year review / expiry terms.

# 16 Capital commitments

There were no material contracted capital commitments as at 31st March 2012.

## 17 Commitments under leases

### Operating lease commitments

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2011-12	2010-11
	£000	£000
Obligations under operating leases comprise:		
<b>Land</b>		
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
	<b>0</b>	<b>0</b>
<b>Buildings</b>		
Not later than one year	3,716	4,195
Later than one year and not later than five years	5,852	8,727
Later than five years	1,083	2,235
	<b>10,651</b>	<b>15,157</b>
<b>Other</b>		
Not later than one year	220	195
Later than one year but not later than five years	162	86
Later than five years	0	0
	<b>382</b>	<b>281</b>

### Finance leases

There were no finance leases as at 31st March 2012.

## 18 Other financial commitments

	2011-12	2010-11
	£000	£000
Not later than one year	7,640	6,705
Later than one year and not later than five years	28,651	31,849
Later than five years	0	0
	36,291	38,554

Cafcass has signed a seven-year contract with Fujitsu to provide an integrated information and communication technology service across the organisation. The Flex shared service solution includes a refresh of hardware after four years.

## 19 Related party transactions

Cafcass is an executive non-departmental public body that is sponsored by the Department for Education. The Department as such is regarded as a related party. During 2011-12, Cafcass had various material transactions with the Department, including the receipt of £118.156m grant funding from the Department (2010-11: £146.875m). Transactions with the Department not related to Grant-in-Aid or other funding totalled £0.570m (2010-11: £0.740m), which relates to rental charges as at 31st March 2012.

Cafcass does have occasional small transactions with other Central Government bodies and Local Authorities that are considered not to be material.

A register of interest is held for all Board Members and there were no material related party transactions with Board Members or the Corporate Management Team during the year other than those associated with remuneration for normal duties.

## 20 Events after Statement of Financial Position date

The Financial Statements were authorised for issue on 28th June 2012 by Anthony Douglas (Chief Executive and Accounting Officer).

## 21 Self-employed contractors

In 2011-12 we contracted the services of 190 self-employed contractors (2010-11: 258), of which amounts paid amounted to £3.842m in the year (2010-11: £5.133m).

As self-employed contractors, they are responsible for meeting travel, office and all other expenses related to their work, as well as related tax and national insurance liabilities.

Further to this, agency staff costs amounted to £10.806m in the year (2010-11: £12.423m).

## 22 Partnership costs

Partnership costs of £2.891m (2010-11: £3.009m) represent the cost of services provided by Cafcass through third party organisations such as contact centres and mediation centres.

Expenditure on partnerships is shown net of income received from the Department within the Accounts, as actual expenditure is reflected within the Department's Accounts.

In addition to Cafcass' baseline partnership budget, in 2011-12 Cafcass received additional funding of £2.450m from the Department (2010-11: £2.400m).

## 23 Pension liabilities

WYPF's actuary, Hewitt Associates Limited, carried out an IAS19 valuation for Cafcass as at 31st March 2012.

The scheme provides funded defined benefits based on final pensionable salary. The assets of the scheme are held separately from those of Cafcass and are invested in managed funds. Employer contribution rates are determined by a qualified actuary and on the basis of triennial valuations.

Cafcass accounts for scheme liabilities in accordance with IAS19 – Employee benefits. The in year current service cost has been reflected in the Statement of Comprehensive Net Expenditure.

In addition to the disclosure contained in the Financial Statements, the following disclosures are in accordance with that standard.

### The amounts recognised in the Statement of Financial Position are as follows:

	2011-12	2010-11
	£000	£000
Present value of funded obligations	(435,173)	(406,741)
Fair value of plan assets	287,206	276,192
Net liability	<u>(147,967)</u>	<u>(130,549)</u>

### The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

Current service cost	10,636	13,691
Employer's contribution	(11,483)	(10,991)
Past service cost / (gain)	662	(42,658)
Pension service cost	<u>(185)</u>	<u>(39,958)</u>
Interest on obligation	20,468	22,255
Expected return on plan assets	(21,166)	(16,569)
Finance cost	<u>(698)</u>	<u>5,686</u>
Gain recognised in the Statement of Comprehensive Net Expenditure	<u>(883)</u>	<u>(34,272)</u>

**Changes in the present value of the defined benefit obligation are as follows:**

	2011-12	2010-11
	£000	£000
Opening defined benefit obligation	406,741	430,526
Current service cost	10,636	13,691
Interest on obligation	20,468	22,255
Member contributions	3,946	4,304
Past service cost / (gain)	662	(42,658)
Actuarial loss / (gain)	2,649	(17,421)
Benefits / transfers paid	(9,929)	(3,956)
Closing defined benefit obligation	<u>435,173</u>	<u>406,741</u>

**Changes in the fair value of plan assets are as follows:**

	2011-12	2010-11
	£000	£000
Opening fair value of plan assets	276,192	227,611
Expected return	21,166	16,569
Actuarial (loss) / gain	(15,652)	20,673
Contributions by employer	11,483	10,991
Member contributions	3,946	4,304
Benefits / transfers paid	(9,929)	(3,956)
	<u>287,206</u>	<u>276,192</u>

**The major categories of plan assets and expected return as a percentage of total plan assets are as follows:**

	2012	2012	2011	2011
	Asset split	Expected return	Asset split	Expected return
Equities	70.1%	8.1%	73.4%	8.4%
Government bonds	13.5%	3.1%	11.7%	4.4%
Other bonds	5.2%	3.7%	3.8%	5.1%
Property	3.8%	7.6%	3.5%	7.9%
Cash	1.9%	1.8%	1.7%	1.5%
Other	5.5%	8.1%	5.9%	8.4%

## Scheme assets:

Although the scheme assets are valued at 'fair value', the assets are not intended to be realised in the short term and may be subject to significant change before they are realised. The liabilities are valued based on the present value of the schemes liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain.

	2012	2011	2010	2009	2008
	£000	£000	£000	£000	£000
Defined benefit obligation	(435,173)	(406,741)	(430,526)	(275,194)	(314,657)
Plan assets	287,206	276,192	227,611	162,879	194,999
Deficit	(147,967)	(130,549)	(202,915)	(112,315)	(119,658)
Experience (loss) / gain on liabilities	(2,124)	(6,711)	1,276	39,405	(34,317)
Experience (loss) / gain on assets	(15,652)	20,673	45,884	(53,167)	(20,565)

### Actual return on assets:

	2011-12	2010-11
	£000	£000
Expected return on assets	21,166	16,569
Actuarial (loss) / gain on assets	(15,652)	20,673
	<b>5,514</b>	<b>37,242</b>

### The major financial assumptions used in the valuation were:

	2011-12	2010-11
Rate of inflation	2.50%	2.80%
Expected return on plan assets	7.10%	7.70%
Rate of increase in salaries	3.50%	3.70%
Rate of increase in pensions	2.50%	2.80%
Nominal discount rate	4.70%	5.00%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions, which due to the timescales covered may not be borne out in practice.

**Analysis of amounts recognised in Other Comprehensive Expenditure:**

	2011-12	2010-11	2009-10	2008-09	2007-08
	£000	£000	£000	£000	£000
Difference between the expected and actual return on scheme assets	(15,652)	20,673	45,884	(53,167)	(20,565)
Percentage of scheme assets	5%	7%	20%	(33%)	(11%)
Experience gains and losses on scheme liabilities	(2,649)	17,421	(128,483)	39,405	(34,317)
Percentage of present value of the scheme liabilities	1%	4%	(30%)	14%	(11%)
Changes in assumption	0	0	0	0	(11,568)
<b>Total amount recognised in Other Comprehensive Expenditure</b>	<b>(18,301)</b>	<b>38,094</b>	<b>(82,599)</b>	<b>(13,762)</b>	<b>(66,450)</b>
Percentage of present value of the scheme liabilities	(4%)	9%	(19%)	5%	(21%)

## 24 Contingent liabilities

There were no qualifying contingent liabilities as at 31st March 2012.

## 25 Contingent assets

Fujitsu have also committed to providing Cafcass with £0.300m of additional service development work in 2012-13, for which Cafcass will not be charged.

Cafcass currently recognises this as a contingent asset that will crystallise at a future date.

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