



Children and Family Court Advisory and Support Service

Annual Report &
Accounts 2012-13

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and Support Service**

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Report presented to Parliament pursuant to paragraph 12(3) of Schedule 2 to the
Criminal Justice and Court Services Act 2000.

Accounts presented to Parliament pursuant to paragraph 13(4) of Schedule 2 to the
Criminal Justice and Court Services Act 2000.

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Overview by the Chair



The current Cafcass Board has been working together for a year now. We began the year by clarifying our priorities for the year, which have been delivered in all of the ways set out in this Report.

When I started in my role, I decided to change the Board committee structure, so that we now have a main Board, an Audit and Risk Assurance Committee and two new committees, one for the scrutiny of performance and the other for scrutiny of the quality of our work. The Board and its committees have developed strong agendas and made a significant contribution to the work of the organisation.

In common with all Board members, I have made contact with many of the major organisations with whom we work, and also with many Cafcass staff on local visits. Staff tell me this has led to a stronger internal connectedness. I also believe that the improvements we have made are now being recognised, both by those within the family justice system and other individuals and agencies with an interest in the work of Cafcass. Certainly feedback from many different quarters is now telling us this.

The children and families we work with continue to strive for resilience under great pressure of circumstances. We have worked hard to provide our services quickly and effectively, in line with the Government's response to the Family Justice Review. I am clear we are making continued improvements, and will need to keep doing so to keep pace with both demand and the reform agenda.

We have ended the year by commissioning an independent review of the Cafcass Board to ensure we are performing well and to identify further ways we can improve. This is, in many ways, a similar trajectory to that of the whole organisation. Cafcass has done well to stay on top of incoming demand, especially when that continues to hit record levels, and the quality improvements being seen in our work are encouraging.

Being Chair of the Cafcass Board is a real privilege. I know what a positive difference our work can make to people's lives, particularly those in vulnerable situations. Now that I know a lot more about our work, our people and our partners, my aim is that the Board should make an even stronger contribution to the work of Cafcass in 2013-14, contributing our experience, wisdom and ideas to ensure Cafcass' strategies are the right ones and that they are delivered.

A handwritten signature in cursive script that reads "Claire Tyler".

Baroness Tyler of Enfield
Chair Cafcass Board

Chief Executive's Report



Our performance and the quality of our work improved again in 2012-13. We met all of the service targets set for us by our Secretary of State. I am grateful for the continued support we have had from our sponsoring department. I would also like to thank all Cafcass staff for responding to the continuous pressure and challenges we face with the same steely determination to make sure every child receives a quick and high quality social work service from us. I would also like to thank our Board for its wise counsel and tough scrutiny of executive performance. Such challenge enables stronger accountability.

We have become stronger in the systems we use, the business processes that underpin our work and, most importantly, in the quality of our frontline practice. We ended the year with the best two inspection findings from Ofsted in our history. We balanced our budget. Whilst we faced record demand for our services in both public and private law, we increased throughput so much that we completed more cases than ever before, so that the overall stock of cases was lower at the end of year than at the start. The way we are building on this strength is set out in our 2013-15 Strategic Plan through programmes to further improve the quality of our work and our resilience.

Progress in the family justice reform programme helped us to improve performance. The average length of care cases in the family courts reduced by more than ten weeks over the year as a whole, reversing a long-term trend towards ever-lengthier cases. We played our part by advising courts within shorter time-scales. We also played our full part in the delivery of reforms – both family justice reforms and social work reform. As a member of both the national Family Justice Board and the Social Work Reform Board, I worked hard to ensure Cafcass influenced others through our best practice models, and that, in turn, we learned from others.

Our joint work with our partner agencies is illustrated by the good practice guidance we published with the Association of Directors of Children's Services (ADCS), which starts to define a model of family court social work. We hope it will become a satisfying specialism for social workers. The model will operate within the spirit of the Munro review, and the provisions of the revised *Working Together* statutory guidance, so that they rapidly and confidently tackle issues like the analysis of parenting capacity, the impact on children of the situation they face, and diversity issues – the latter is another of our Strategic Plan priorities.

My Governance Statement sets out the way in which I am satisfied that we are reducing risks by strengthening systems, processes and the skill sets of our staff. Ours is complex and demanding work, in which we work with over 145,000 children and young people every year. Strong systems and people will help our service to be reliably good in every part of the country, every day of the year. We are very close to that standard and in 2013-15, we aim to bridge any remaining gaps we have between where we are now and where we can be if every aspect of our service is outstanding. Our vision remains intact – to be the very best at what we do.

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)¹. Our statutory responsibility in England is to safeguard and promote the welfare of children² who are involved in family court proceedings. Cafcass is the voice of children in the family courts and helps to ensure that children's welfare is put first during proceedings.

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 Act³ 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 practitioners, called Family Court Advisers (FCAs)⁴, work exclusively in the family courts. Cafcass is asked by the court to become involved in cases following an application to the court. Our experienced practitioners provide judges with the advice, information and recommendations they need to make a safe decision about each child's future. This includes working with children to find out their wishes and feelings and then presenting these findings back to the court. Examples of proceedings where Cafcass will be involved include:

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

² The terms 'children' and 'child' are used in this report to refer to children and young people under 18.

³ 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.

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

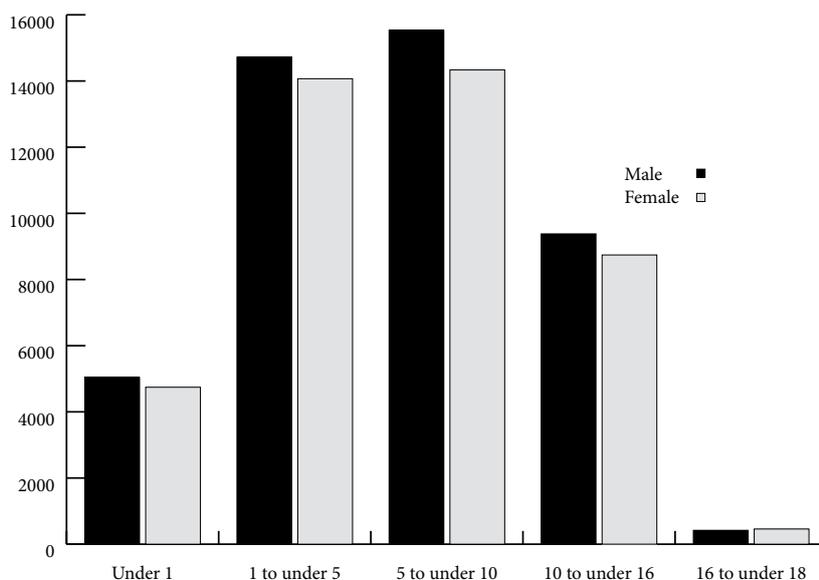
- When children are subjects of an application for care or supervision orders by children's social care services in local authorities (public law). In these instances, our FCAs act as 'Children's Guardians'. The local authority can apply to the court for various types of care and protection orders. The 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.

The Year in Review: 2012-13

In 2012-13, we worked with 145,811 children and young people across England. Of these, 87,282 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 2012-13, and those whose cases were closed during the year.

Of the children referred to us in new cases, 44,996 were male (52%) and 42,286 were female (48%). As the figure below shows, and in keeping with trends from previous years, most of the children we work with are aged ten years and under.

Figure 1: Children in new cases; age and gender profile 2012-13



System-wide improvement through the Family Justice Board

Cafcass has played an active part in vehicles for reform to the family justice system, including the Family Justice Board (FJB) and the Judicial Family Modernisation Programme.

The FJB first met in March 2012. Its *Action Plan to Improve the Performance of the Family Justice System*, published in January 2013, set out a particular focus on:

- reducing delay in public law cases and making progress towards the proposed 26 week limit for care cases (as set out in the Children and Families Bill)
- resolving private law cases out of court where appropriate
- building greater cross-agency coherence
- tackling variations in local performance.

In 2012-13 Cafcass contributed to the work of the FJB through a number of mechanisms including:

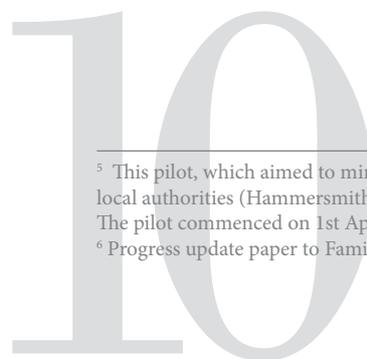
- Representation on the full Board (by Anthony Douglas), the Performance Improvement Sub-Group (by Bruce Clark), and the Family Justice Council (by Fiona Green).
- Steering and supporting the development of the Cafcass Young People's Board into the wider Family Justice Young People's Board (FJYPB). The FJYPB has produced an action plan to assist it to meet its aim of supporting and challenging the FJB, and to help it to be more child-centred.
- Active involvement with civil servants and partner agencies on various aspects of the reform programme, including our transfer to the Ministry of Justice (MoJ) which is expected to take place by March 2015.
- Provision of the Chair role in ten Local Family Justice Boards (LFJBs) and sponsorship of five LFJBs (out of 46 Boards in total).
- Provision of summaries of Cafcass research in the Family Justice Research Bulletin.
- Using our performance data and management information systems to inform the development of the HMCTS Care Monitoring System, a case management tool for the judiciary which also tracks system-wide performance, established in April 2013 following a successful pilot.

Cafcass has participated in the tri-borough care proceedings pilot⁵ and other local initiatives to help reduce delay in care proceedings. A nine month review of the tri-borough project found 'Cafcass has made a commitment to provide timely and proportionate involvement from Guardians who are always allocated and come to the first hearing with an initial analysis (verbal). This has been seen to be very influential in giving the case direction and urgency from the very beginning of the proceedings.'⁶

Cafcass has participated, with observer status, in the President's Improvement Board, and has worked closely with Mr Justice (now Lord Justice) Ryder, in his capacity as Judge in Charge of the Modernisation of Family Justice, helping to develop a clearer articulation of the good practice which can be expected in care cases. Cafcass has also contributed to the development and introduction (from 1st July 2013) of the revised Public Law Outline (PLO) which is designed to support speedier case progression and help lay the ground for the introduction of the 26 week limit.

⁵ This pilot, which aimed to minimise unnecessary delay in care proceedings and meet the 26 week limit, was a joint endeavour by the London tri-borough local authorities (Hammersmith and Fulham, Kensington and Chelsea, and Westminster), the judiciary, court services, Cafcass and other key stakeholders. The pilot commenced on 1st April 2012 and ran for 12 months. Findings of the pilot were anticipated at time of publication.

⁶ Progress update paper to Family Justice Board 'Good Decisions for Children in Court – the Care Proceedings Pilot', January 2013.



In October 2012, Anthony Douglas spoke at the ADCS conference, signalling the replacement of the then-current ADCS/Cafcass protocols with good practice guidance documents launched in March 2013.

The improvements through joined-up working were highlighted by our Minister Edward Timpson at the Lords Committee in December 2012:

“You heard evidence last week from some of our eminent judges from the Family Division, particularly Mr Justice Ryder [...] it is encouraging to hear that the courts, Cafcass and local authorities are working much better together. The quality assurance is improving both before and during proceedings ...

[Local authorities are] most effective where they are working closely with the court and with Cafcass, to enable them to come up with the right decision for a child sooner rather than later.”

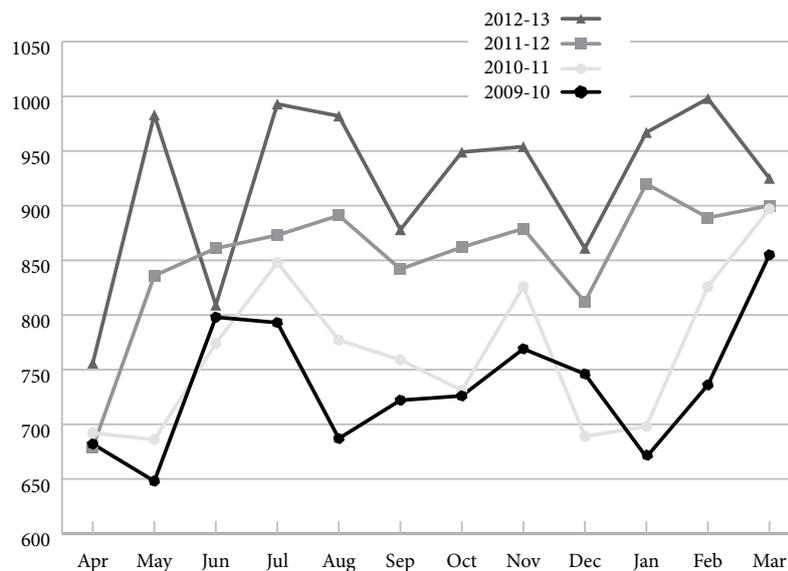
Public law

The vast majority of our public law work involves local authority care applications. Cafcass received 11,064 applications during 2012-13. The number of applications is 8.0% higher than in 2011-12 and follows previous increases: 11.3% in 2011-12, 4.2% in 2010-11, and 36% in 2009-10.

By the end of the year we had reduced the overall stock of open public law care cases from 12,143 in March 2012 to 10,439 in March 2013.

The stock of open ‘non-care’⁷ public law cases was 1,544 at the end of March 2013, compared to 1,736 at the end of March 2012.

Figure 2: Public law care demand by month

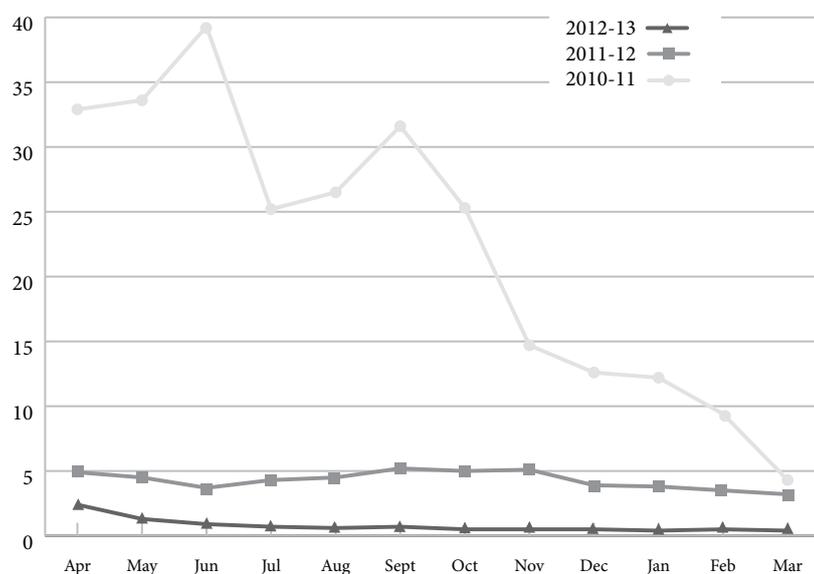


⁷ Public law non-care cases are cases applied for by local authorities which do not involve care proceedings (e.g. adoption, placement).

April 2012 saw our annual care demand figures break 10,000 applications and 2012-13 saw our annual care demand figures break 11,000 applications. By the end of the year 99.67% of care cases (or 10,405 cases) were allocated to a Children's Guardian, compared to 0.02% (or two cases) which were unallocated. A further 0.31% (or 32 cases) were allocated on a duty basis.

As illustrated by the graph below, we have continued to maintain the timeliness with which care cases are allocated, with the average period between receipt of the case by Cafcass and first full allocation to a Children's Guardian being 0.8 working days. This is despite the continued record levels of demand for care applications.

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



Reducing delays: towards the 26 week limit

Our remit for 2012-13, set by the Secretary of State for Education, set out the importance of Cafcass playing its part to reduce delays in care cases through the early appointment of a Guardian.

The duration of public law care cases has reduced from 54 weeks in each individual quarter in 2011-12 to 42 weeks in the fourth quarter of 2012-13 (January to March 2013).

“Cafcass has improved dramatically. I will just say to the Committee that the latest figures show that the number of unallocated public law cases has reduced [...] There have been some dramatic improvements in performance.” Jonathan Djanogly MP, Justice Committee, Operation of the Family Courts, 13th June 2012.

Sharing our expertise

The experience of Cafcass and its staff, not only within individual cases before the family courts, but also within the wider family justice sector, has been utilised over the past year to inform responses to the following Government consultations:

- DfE – Contact arrangements for children in care
- DfE – Shared Parenting
- DfE – Revised safeguarding statutory guidance (*Working Together*)
- DfE – Placing children in sibling groups for adoption
- DWP – Supporting separated families: securing children’s futures (child maintenance)

Our Assistant Directors and Heads of Service presented at eight seminars organised by Research in Practice, a specialist agency working on behalf of the sector, between January and March 2013 about the future of the family justice system.

Our research programme for 2012-13 included three studies based on a cohort of nearly 250 care cases, which were the subject of court applications made in November 2011. The first of these (*Three weeks in November, three years on* – see below for further information) has been published: it looked at the characteristics of the cases and compared them to a similar cohort of cases drawn from an earlier, November 2009, study. The second focused on the extent of the use of expert witnesses within s31 care applications; and the third explored the nature and extent of Guardians’ work. Cafcass also published a study about the congruence between Cafcass recommendations in private law cases and final court orders.

Research on care applications – ‘Three weeks in November, three years on’

In May 2012 Cafcass published the findings of its research, which replicated the study conducted in 2009, into the rise in care applications following the death of Baby Peter Connelly. The study surveyed more than 200 Cafcass Guardians in relation to 247 care applications, involving 401 children, made in November 2011. The study found that Guardians believed that local authority care applications were more appropriately timed than in 2009, and in the vast majority of cases (85.4%) Guardians believed that the local authority’s care application was the only viable action to keep children safe. The study found that local authorities are making applications at an earlier stage of their involvement with children, and saw a greater prevalence of neglect in the sample than in 2009.

Our *Three weeks in November, three years on* research was recognised by the Education Committee⁸, which recommended that Cafcass continue to carry out this research on a regular basis. It was also cited by the Justice Committee in its scrutiny of the Children and Families Bill (December 2012).

Bruce Clark and Anthony Douglas gave evidence at the following Parliamentary Committee hearings:

- Education Committee’s pre-legislative scrutiny of the Children and Families Bill (May 2012)
- Justice Committee (November 2012)
- Lords Committee on Adoption Legislation (December 2012)

⁸ Education Committee report ‘Children First: the child protection system in England’, published 13th February 2013.

Judicial Review appeal

In June the Court of Appeal gave its judgment in the judicial review application brought in response to delays in allocating Guardians and accepted the arguments put on behalf of Cafcass. The Court of Appeal agreed with what the High Court had said in 2011: it is impossible to set out a precise timeframe within which a Guardian must be appointed and the delay, which is permissible, “will vary with the facts of the individual case”.

The Court of Appeal also agreed with the High Court that the duty to provide a practitioner for appointment did not amount to anything more than a general or “target duty”; it was impossible to say it was an individual duty owed to individual children. The Court of Appeal emphasised that “the context within which public law children cases are determined is constantly changing as a result of many various stimuli including subsequent legislation, government guidance, rule changes and practice directions but, most of all, the context has changed as a result of the increase in the court’s caseload and the consequent rise in delays across the system.”⁹

Private law: helping children in cases of family breakdown

This year we received 45,804 new private law applications compared to 41,818 in 2011-12. This is the highest ever annual total for private law cases received and represents a 9.5% increase on 2011-12. This increase is attributed to two factors. 2011-12 saw fewer applications following the introduction, in April 2011, of an expectation on applicants in certain proceedings to attend a Mediation Information and Assessment Meeting before making an application¹⁰. In addition, there was a ‘spike’ in demand in the latter part of 2012-13, ahead of changes to legal aid, which came into effect in April 2013.

Our stock of open private law cases has reduced from 23,207 in March 2012 to 22,032 in March 2013.

The average duration of our private law cases has reduced from 29 weeks in 2011-12 to 26 weeks in 2012-13.

“Cafcass’ record on private law cases has improved considerably. [...] [the number of] private law cases [has] reduced, and the timeliness with which they have dealt with them and the time with which they have to deal with them has improved. We have much better working practices and we have much better productivity from Cafcass as well.” Tim Loughton MP, Justice Committee, Operation of the Family Courts, 13th June 2012.

Our work continues to be aided by increased use by courts of Separated Parents Information Programmes (SPIPs) (see further detail below), which are usually delivered in the early stages of family court proceedings.

⁹ R (R, E, J and K) v CAF/CASS [2011] EWHC 1774 (Admin)

¹⁰ Practice direction 3A – Pre-application protocol for mediation information and assessment.

Figure 4: Private law case demand by month

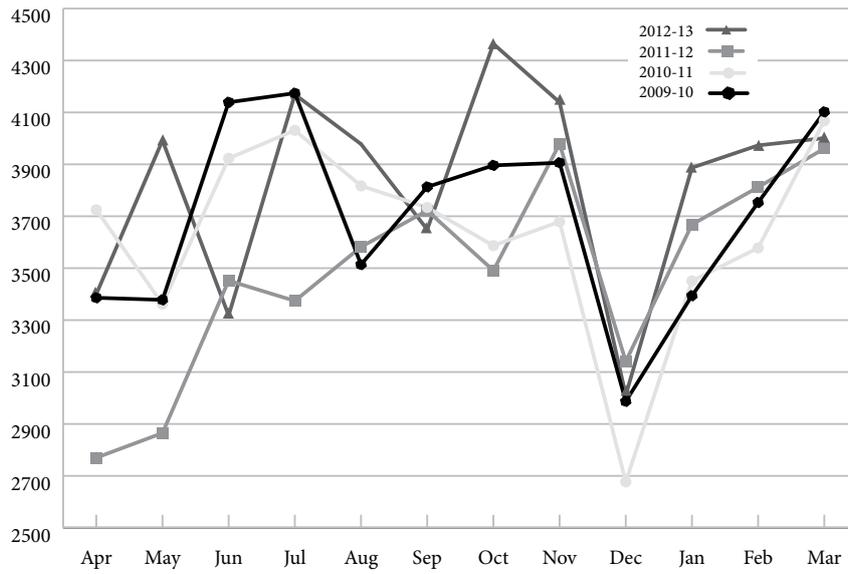
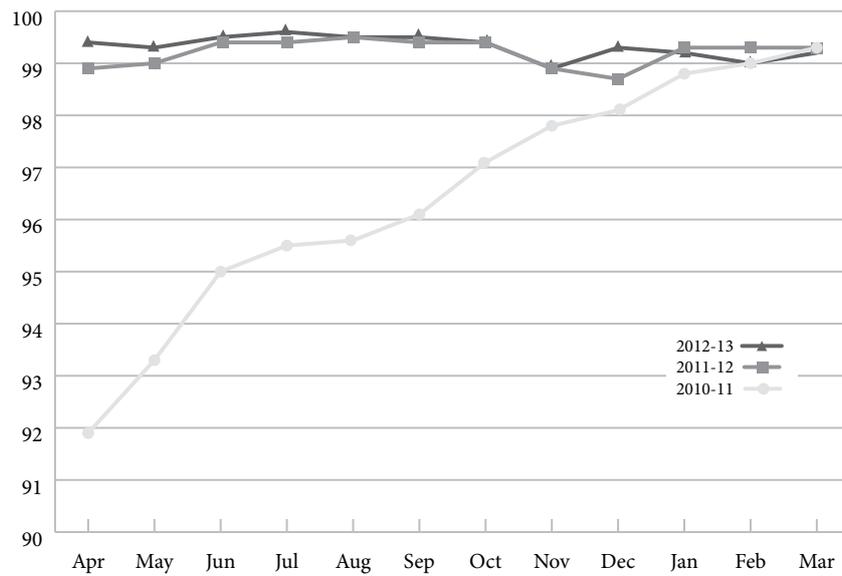


Figure 5: KPI 2 – Percentage of private law allocated workload as a ‘snapshot’ at each month



Private law narrative

In November 2012 Cafcass published research on the congruence between Cafcass recommendations and the final court order, based on an analysis of 170 randomly selected private law residence/contact cases. The study found that while the majority of recommendations (75% fully accepted and 16% partially/temporarily accepted) made by Cafcass are accepted by the court, there are cases in which, after considering the advice and recommendations provided by FCAs, the court takes a different course of action.

The research confirmed that advising the court about the outcome of private law contact and residence cases is among the most important and serious of Cafcass' responsibilities, due to the direct impact that their advice to the courts is likely to have on the future lives of children and families, but also confirmed that courts do take alternative approaches in some cases.

16.4 Appointments

The number of new rule 16.4 appointments, in which children are separately represented by a Children's Guardian working alongside a solicitor, was 1,739, a decrease of 6.2% in comparison to 2011-12. Practice Direction 16A of the Family Procedure Rules requires that such appointments should be reserved for exceptional cases in 'circumstances of significant difficulty' and that they should only be made after consultation by the court with the local Cafcass manager. At a 95 week average duration, these cases take longer to conclude than any other work in which we are involved. Most are cases featuring intractable hostility between separated parents.

Contact activities

On behalf of the Department, we continued to manage the provision of contact activities. SPIPs are short, group programmes aimed at helping separated parents to develop their understanding of their child's needs, and their communications skills with each other. £2.7 million was allocated to SPIPs in 2012-13, with more than 18,300 adults having attended the course, approximately the same number as last year. We have developed the programme content to maximise the benefits for parents and children, and continue to receive positive feedback. Parents are now encouraged to move on to explore the skills they need to make agreements for their children, and to engage with dispute resolution services where appropriate. Another type of contact activity, Domestic Violence Perpetrator Programmes (DVPP) saw increased use, with DVPP provision now available in every Cafcass service area, and almost 250 individuals starting programmes during the year.

Framework for external providers of child contact services and contact activities

In January 2013, Cafcass completed a full tendering round with providers of all services for 2013-16, entering into contracts with 88 providers across England. These contracts enable us to focus on quality, cost control and increased certainty for providers. All services are now listed – along with brief descriptions of the service,

service user leaflets and how to access the service – in a Commissioning and Partnerships Directory, available to download from the Cafcass website.

Cafcass also offers funding to more than 200 supported contact centres across England. These centres are run by volunteers and offer comfortable, neutral facilities for contact.

Cafcass continues to work with voluntary sector and government partners in the development of effective dispute resolution services that will help parents to resolve disputes away from court in cases where it is safe to do so.

Other types of work

Cafcass is also involved in other types of cases:

- Placement Order applications rose from 2,587 in 2011-12 to 3,063 this year.
- Special Guardianship applications rose from 721 in 2011-12 to 817 this year.
- Adoption applications involving Cafcass fell from 932 in 2011-12 to 821 this year.
- The instances of Cafcass witnessing consent in respect of relinquished babies and children fell from 126 in 2011-12 to 124 this year.
- Family Assistance Orders fell from 590 in 2011-12 to 355 this year.

Table one: Ofsted inspections

Date	Service Area	Overall Grading	Capacity to improve	Summary of Gradings ¹¹
April 2012	A6: Hampshire and the Isle of Wight	Satisfactory	Good	Good 8; Satisfactory 6
August 2012	A11: Derbyshire, Nottinghamshire, Leicestershire, Lincolnshire and Cambridgeshire	Adequate	Good	Good 5; Adequate 7
October 2012	A5: West Yorkshire	Adequate	Good	Good 4; Adequate 7; Inadequate 1
March 2013	A14: Norfolk, Suffolk, Essex, Hertfordshire, Bedfordshire and Buckinghamshire	Good	Good	Good 9; Adequate 3
April 2013 ¹²	A17: Kent	Good	Good	Good 10; Adequate 2

Cafcass' efforts to improve performance have been recognised by Ofsted, which currently inspects our individual service areas against a national standard. Throughout the last financial year, our inspection results steadily improved as both local and national efforts took hold and started to have a notable impact on frontline services to children and families.

Five inspections were carried out from April 2012 to March 2013, with Cafcass achieving a Good grading in the final two inspections of the financial year. Ofsted's report on A17 praised Cafcass' commitment to safeguarding and

¹¹ Data in this column shows a breakdown of the number of gradings received in each category within Ofsted's report.

¹² Although the report was published on 15th April 2013, the inspection was carried out during the week commencing 11th March 2013, before the close of the 2012-13 financial year.

working with partner agencies to ensure public law case duration was as low as possible. A14, meanwhile, was noted for its child-focused and timely assessments. Capacity for improvement was graded Good in all areas inspected during 2012-13.

Cafcass has been taking part in discussions with Ofsted about plans for a new inspection framework for our services, to be launched later in 2013. The significant change proposed by Ofsted is a single, annual inspection of Cafcass as a national organisation, supported by a detailed examination of practice in up to six local service areas. This system would replace inspections of our individual service areas.

Connecting with those we work with

Over the past year, we have continued our efforts to engage with the families we support and to raise awareness of the work we do.

At a local level, offices have continued their innovative approaches to engagement. For example, our south west service area re-focused the role of Business Support staff to increase contact with and support for families. Cafcass has also been helping litigants in person in the Bristol area benefit from the pro-bono (free of charge) service offered by the law faculty of the University of the West of England.

At a national level, our social media activity has increased hugely, moving from just a few hundred Twitter followers at the start of the 2012-2013 financial year to over 1,500 in March 2013. We have increased our activity generally, and also featured special “takeover” days, when members of staff or the FJYPB tweet on our behalf. The increase of followers means we have been able to connect with agencies and individuals, sharing the tools we use and linking to information to help improve understanding of the role of Cafcass. The next phase of our social media strategy will be developing a second Twitter handle which is primarily service user-facing, to provide another means of people accessing the information they need.

We have launched a monthly external newsletter to raise awareness of key developments both within the family justice system, as well as aiming to raise awareness of the internal workings of Cafcass (the first edition of 2013 can be viewed here: <http://bit.ly/QVppZb>). The newsletter includes a column from one of the members of the FJYPB, focusing on her experiences and observations as a young person in care.

Responding to feedback

We have continued to monitor the impact of the simpler one-step complaints procedure, introduced on 1st February 2012. The procedure has ensured that complaints regarding professional opinion and judgement of FCAs can, wherever possible, be notified to the relevant court while the court proceedings are ongoing, so that the judge is aware of these concerns and our response to them.

The first six months of the procedure saw a significant increase in the number of complaint referrals, probably as a result of a mail-out to inform current service users about the change in procedure. Support from Operational Managers and the expansion of our team of Customer Services Managers has enabled us to meet the increased demand over the year. This has enabled us as the year progressed to respond in a more timely way to those raising concerns. Since October 2012, more than 90% of all new complaints have been responded to within ten working days, at an average response time of 7.6 working days. The remainder were dealt with within 15 working days of receipt.

Cafcass received 1,496 complaints (a rate of 0.4% of all open cases as at 31st March 2013) between April 2012 and March 2013. This is an increase of 18.3% (231 complaints) compared to the 1,265 received in the same period last year (attributed to the mail-out, as set out above). However in the same year we received a total of 794 compliments (0.2% as a % of all open cases). This was the first year that Cafcass tracked compliments on a national basis.

[a card received by a practitioner]:
 To Rachel
 Thank you so much for all of the help and support.
 from Joshua 😊
 Joshua, age 11

[email to a practitioner]:
 You made me happier.
 Beth, age 9

The majority of complaints received by Cafcass relate to the professional opinion and judgement of the FCA. Our complaints procedure encourages service users to raise their complaints during the course of court proceedings so that they, together with Cafcass' response, can be notified to the court and inform the court's decisions. We continue to ensure that learning from complaints and compliments improves the quality of the service we provide. Individual action points arising from complaints are incorporated and reviewed in individual performance and learning reviews of our professional social work staff.

In March 2013 the Cafcass Board considered a report which pulled together the learning from complaints, compliments, MPs enquiries, Parliamentary and Health Service Ombudsman (PHSO)¹³ investigations and Subject Access Requests (SAR)¹⁴ regarding the experiences of the children and families who are using our services. The report also suggested ways in which we can better understand our service users' needs, with a view to improving our services. Changes aimed at further improving our Complaints Procedure, including increasing the time limit for responding to service users, amending the time period in which complaints may generally be raised, and improving means for local resolution were proposed to, and subsequently endorsed by, the Board. These changes were introduced in April 2013.

During the year the Customer Services Team has assumed responsibility for all SARs received from service users in September 2012. Cafcass is committed to full compliance with the Data Protection Act 1998 and recognises the rights and obligations established by the Act in relation to the management and processing of personal data. The Act provides various safeguards relating to the management of individuals' personal data. The Act gives individuals the right to establish what data about them are being processed. In order to exercise that right, an individual must make a written request for their data. A total of 98 SARs were received between September 2012 and March 2013, with 58 being completed and 57 (98.3%) of these within the 40 day timescale.

The Cafcass Policy Team continued to act as the single point of contact for all PHSO enquiries and they now manage the whole process of responding to such enquiries, seeking information from operational staff and the complaints team. Through the single point of contact arrangement and by visiting the PHSO offices and meeting the assessment team, the team has developed a good relationship with PHSO staff. The Policy Team oversight of all PHSO enquiries to Cafcass allows us to identify those cases where more work could be carried out by Cafcass to resolve the service user's concerns, without the need for the PHSO to carry out a statutory investigation. In such cases, the team work closely with the Complaints Team in co-ordinating any additional work that is agreed.

The Policy Team has held several training sessions for Customer Service Managers covering the role of the PHSO, how the team handle PHSO enquiries and learning for complaints taken from PHSO enquiries and investigations. Local teams and the Customer Services Team have worked to speed up response times, and to improve the quality of responses provided to service users who raise complaints, in line with findings of the PHSO.

The PHSO published their 2011-12 statistics in December 2012 which showed that, although the number of referrals about Cafcass received by the PHSO had risen from 178 to 218, the number of complaints accepted for investigation had fallen from 11 to seven. The number of complaints resolved through PHSO interventions also

¹³ The PHSO investigates complaints from individuals who consider that they have been treated unfairly or have received poor service from government departments and other public organisations, and the NHS in England.

¹⁴ Applying for personal information is termed making a SAR.

rose from five to 17. The figures highlight the beneficial effect of Cafcass taking a proactive approach to PHSO enquiries. Provisional figures for 2012-13 suggest that the number of complaints will be higher again, but that a higher proportion of complaints are being resolved at the assessment stage without progressing to full statutory investigations.

Our workforce

At 31st March 2013 Cafcass employed 1,667.32¹⁵ staff, 92.6% of whom are frontline staff¹⁶ consisting of:

- 69.8% Family Court Advisers
- 6.5% Frontline Managers
- 16.3% Frontline Administration Support.

The remaining 7.4% are specialist staff, including Operational Area Senior Managers (Heads of Service), Human Resources (HR); Finance; Legal Services; Policy; Governance; Management Information; IT and Communications. We have had a reduction on the percentage of specialist staff compared to previous years (8.5% in 2010-11; 7.7% in 2011-12) and this is projected to reduce further, to 7.0% in 2013-14.

During 2012-13 we have worked closely with staff and managers to develop our workforce in a number of ways, including an individual and team-level Health and Wellbeing service, enhanced recruitment, improved induction and retention processes, Health and Safety training, policy and procedure revision and streamlining, and the provision of more detailed and accessible management information. We have seen tangible results from this work, in terms of improved performance and progress towards organisational improvement targets, increased attendance and improved wellbeing amongst staff. We have continued to develop our Workforce and Organisational Development Strategy for 2013-15, concentrating on the following fundamental areas:

- Learning and Development – a comprehensive programme of management development (through a range of blended learning) has been developed and rolled out across the organisation, building on the success of the Leadership and Management Programme that commenced in 2010-11. A new Talent Management Strategy has been implemented, designed to support managers in identifying, nurturing and developing our most talented staff to fulfil their potential, whilst allowing job enrichment for all. A new Apprentice Scheme has been developed which, together with an enhanced Graduate Development Programme for Cafcass, was rolled out from the beginning of April 2013. Both programmes will enable us to attract new talent and maximise organisational capacity and productivity across a variety of corporate functions, ultimately improving the frontline service provided to children and families.
- Health and Wellbeing Plan – implementation of a new Health and Wellbeing Plan for Cafcass has resulted in a 98% take up from staff, and represents a broad and unprecedented offering as part of the overall strategy for enhancing our organisational wellbeing.
- Equality and Diversity (E&D) Strategy, 2013-15 – the new strategy focuses on deepening and strengthening the quality of E&D in frontline practice to ensure maximum impact on the outcome for the child. The strategy seeks to build upon our achievements over recent years in terms of developing the impact of E&D considerations across our workforce metrics and corporate infrastructure.
- Policies and procedures – further streamlining of our people policies to ensure that these are innovative and underpin our workforce strategy, the broader Operating Framework and our organisational improvement targets focused on frontline service provision.
- Individual scorecards – developing this key ‘dashboard’ tool, and making it accessible to all staff in order that they are able to track their own personal contribution and performance against a comprehensive range of key metrics and can use this awareness to be able to be more self-directive in terms of their learning and development.

¹⁵ Full-time equivalent.

¹⁶ The term ‘frontline’ refers to ‘business critical’ positions, as defined and agreed by the Secretary of State for Education.

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 occupational health support staff, bolstered by our Health and Wellbeing Plan, and have 'Particular Needs Guidance' through which we provide additional support to staff with a disability, such as specialist office equipment.

Reducing sickness absence

Our sickness absence levels continue to be among the lowest in frontline social work, falling from an average of 12.8 days per annum for practitioners in 2010-11 and 10.7 days in 2011-12 to 7.4 days on average during 2012-13. Among non-social work staff, the figure for sickness absence is 5.7 days for 2012-13, having fallen from 7.9 days in 2011-12. The total average sickness absence for all staff in 2012-13 (social work and non-social work combined) is 7.0 days, compared to 11.4 days in 2010-11 and 10.1 days in 2011-12. When considering the figures for current staff only (i.e. excluding those who have left our employment in the year 2012-13), sickness absence for social work staff is 5.8 days, compared to 8.0 days in 2011-12. For non-social work staff, the figure is 4.8 days, compared with 6.4 days in 2011-12. The composite figure for all staff (social work and non-social work combined) is 5.6 days for 2012-13, compared to 7.7 days in 2011-12. The HR Team has continued to work closely with Operational Managers in the last 12 months, delivering wellbeing interventions at team and individual staff level, addressing any issues raised and supporting staff on an immediate intervention basis. Coupled with this has been an ongoing, rigorous focus on resolving all absence cases (both long and short term absence) and supporting a timely and sustainable return to work wherever possible.

iTrent HR and Payroll system

We have continued to enhance the organisation's HR and Payroll system, iTrent, which was introduced last year. 'Phase 2' is now available to all managers, and training was provided to them as part of the roll-out. This enhancement enables managers to carry out a range of key people management tasks independently, thus allowing further reduction in paper based processes and their associated costs. Recruitment via iTrent went live in December 2012. To help ensure that we recruit and attract outstanding talent, we have introduced revised online application and assessment processes, together with re-branded internet recruitment pages. This has made our recruitment process more accessible and rewarding for candidates, and at the same time provides recruiting managers with more in-depth information about each candidate, making all appropriate recruitment data readily available to them online. The next stage of development will see the entire Performance Management (Performance and Learning Review) process transferred to iTrent from 1st July 2013, with managers able to record and monitor the progress and achievement of staff against their personalised performance development objectives.

Operating Framework

Cafcass launched its Operating Framework (OF) in May 2012. The framework outlines how we meet our responsibilities as a court social work service – to children and young people, to courts and to people with parental responsibilities, as required by legislation, through supporting and promoting safe and timely outcomes for children and young people and at a time of rising demand for our services.

Consulting with Staff

In 2012-13, Anthony Douglas continued to consult with staff throughout the country on practice and policy issues impacting on the frontline and the families we support, making 51 visits to local offices, including joining regular team meetings and development days. These visits were also an important means of receiving feedback on the Operating Framework and to inform Cafcass' Strategic Plan for 2013-15.

Cafcass operates an Exchange model, whereby information, including feedback on proposals for policy and practice changes, are fed up from team meeting to area Service Manager, to Heads of Service and to the Corporate Management Team and then cascaded back down through the same structure.

Cafcass Development Board

Significant work was undertaken to radicalise internal operational business processes, introducing a range of benefits across the Cafcass estate, under our Future Working Programme (FWP). This programme was put in place to provide our staff with the tools, processes, support and information to allow them to engage service users fully and provide children with the highest possible professional level of care and support in the family court process through:

- providing access to current case information when and where it is needed
- implementing collaborative working
- improving hardware and software
- liberating practice and support staff from unnecessary bureaucracy.

The FWP is sponsored by the Cafcass Development Board. Projects under the programme have directed local teams' resources to focus on increased case-specific service delivery, as well as building capacity and saving money.

National roll-out of call centre

During 2012-13 Cafcass deployed a single national call centre, based in the National Business Centre (NBC) in Coventry. This service now operates as a single point of contact for service users and all other stakeholders. In doing so, local business support and practitioner capacity has been significantly increased, allowing more resources for case-specific and localised service focus. Crucially, service users also benefit from a more efficient and consistent level of service from the call centre. In excess of 60% of calls are managed by call handlers themselves, without transfer to a local office. If any queries cannot be resolved by a call handler, service users are transferred directly to their allocated practitioner.

The FWP is also overseeing the first phase of our postal digitisation project, focusing at this stage on incoming Level 2 Police Checks, Court Orders and local authority checks. Working alongside Fujitsu Services, Cafcass is building the infrastructure to deliver electronic processing of each of these document types, whether received electronically or in paper form – scanning each document and placing it in the appropriate electronic case file with minimal manual intervention. Progress made in 2012-13 puts us on track towards transformation to a paperless organisation, developing skills and processes to manage all incoming post in this way in the future.

Tools for social work practice 'on the go'

We have completed a number of exercises to further reduce the running costs of the basic IT service, including a formal external benchmarking exercise and contract renegotiations. In addition, a range of technical



enhancements have been introduced to make our electronic case file (ECF) more stable and easier to use. Also a number of minor changes to the basic IT service, such as password length, login/logoff times and hibernation have been deployed to add functionality to Cafcass laptops. All desktop computers have been upgraded to become 'true thin clients' which has significantly reduced login times and the speed at which they operate. The BlackBerry rollout was completed as planned, so that every frontline worker has a mobile phone, email and calendar mobile facility. Further 'Mifi' personal wireless hotspots have been provided to enhance mobile working capacity.

Further major projects are well underway to completely refresh the laptop estate, with a new operating system and MS Office product, and to offer tablet functionality to those staff members who will benefit. This programme will also reduce some of the restrictions of the current environment and will give all laptops the functionality to work remotely with an embedded mobile SIM. We have almost completed the work to specify the replacement for the two current case information and document storage systems – a single operational case management system, which will allow for workflow automation and better management reporting. This will also be integrated, wherever possible, with other products within the replacement intranet, including team sites and a refreshed staff directory. The main hosting platform for our 'line of business' applications is being replaced, a project which will provide improved resilience and substantial financial savings.

Value for money

The efforts of our procurement team to provide value for money through contracts for travel and online recruitment and assessment have been recognised with Cafcass achieving 'Finalist' Status in the Government Opportunities (GO) Excellence in Public Procurement Awards in the procurement leadership category. The GO awards recognise and reward excellence and achievement and are a benchmark against which procurement and public service delivery can be measured. Our submission emphasised the effectiveness and efficiency of our procurement team, who provide a national service with just two individuals.

Estates

We have reduced the size of the estate from 63 to 55 offices (at 31st March 2013) in line with Government Property Controls and service requirements. We opened four new offices in Canterbury, Bodmin, Croydon and Chelmsford. As a result of the office closures we were able to achieve a total saving for 2012-13 of £85,000 based on reduced rent, service charges and utilities payments.

We have set up a new contract for the delivery of Health and Safety compliance and other soft facilities management services, including cleaning services across the Cafcass estates portfolio. This is a nationally managed service to ensure our offices provide a safe clean and welcoming environment for service users and staff. The introduction of the cleaning contract will deliver annual savings of approximately £130k per year or 25% on our previous spend of £520k.

Sustainable development

Cafcass is fully committed to operating an efficient estate and reducing the environmental impact of its operations and their associated costs. This is the second year that Cafcass has reported its sustainability performance in its Annual Report and Accounts, following the HM Treasury guidance, Public Sector Sustainability Reporting, published at www.financial-reporting.gov.uk.



Targets and summary of 2012-13 performance

We have been working closely with the Department to align to its Sustainable Operations to targets required by Greening Government Commitments (GGC), set out at sd.defra.gov.uk/gov/green-government/commitments/. 2012-13 performance is summarised in the following tables:

Table two: Annual spend against utilities and waste

	2009-10	2010-11	2011-12	2012-13
Energy	£338,000	£272,000	£395,000	£312,000
Water	£31,000	£26,000	£48,000	£22,000
Waste	£92,000	£97,000	£105,000	£77,000

Table three: Financial benefits of Greening Government Programme

	Energy	Waste disposal	Water use	Total
2012-13 cost comparison vs. 2009-10	-£26,000	-£15,000	-£9,000	-£50,000
2012-13 cost comparison vs. 2010-11	+£40,000	-£20,000	-£4,000	+£16,000
2012-13 cost comparison vs. 2011-12	-£83,000	-£28,000	-£26,000	-£137,000

This table shows the financial savings made which contribute towards the Greening Government Programme.

The figures contained within this table show a saving made per annum for energy, water and waste, with the exception of energy for 2012-13, which showed an increase in tariffs for gas and electricity.

Table four: Non-financial performance against key Greening Government 2015 targets

	Reduce Greenhouse Gas (scope 1, 2 & 3 gross) Emissions by 25%	Reduce Total Estate Water Consumption by 25%	Reduce Total Waste Generation by 25%	Achieve Recycling Rate of 85%
Performance (2012-13 measured against 2009-10)	-33%	0*	-47%	64%
Pan-Government performance (2011-12 measured against 2009-10)	-12%	-3%	-5%	n/a

This table shows the percentage of reductions made against Government Greening targets for emissions, water and waste.

The figures in this table show a reduction across Greening Government targets for greenhouse gas emissions and waste generated. This can be attributed to the transformation programme which resulted in a reduction of 30% of the office estate as well as the introduction of a new Government framework contract which had reduced the cost of utility bills for over half of the remaining estate.

Further work on water consumption data will be undertaken in the next year.

Greenhouse gas emissions

Targets for Greenhouse Gas (GHG) emission reductions:

- Reduce GHG emissions by 25% by 2015 from a 2009-10 baseline from the whole estate and business-related transport.
- Cut domestic business travel flights by 20% by 2015, from a 2009-10 baseline.

Table five: Greenhouse gas emissions summary

Greenhouse gas emissions		2009-10	2010-11	2011-12	2012-13
Non-Financial indicators (tonnesCO ₂ e)	Total gross emissions for scopes one and two	2,377.3	2,344	1,798.8	1,662.5
	Gross emissions attributable to scope three official business travel	**811	**838	**1,123	1,343.58
	Number of domestic air travel flights	*0	*0	*0	22
Related energy consumption (kWh)	Electricity: non-renewable	3,160,886	3,116,678	2,391,663	2,210,410
	*Electricity: renewable	0	0	0	0
	Gas	3,954,811	3,899,499	2,992,381	2,765,602
	Steam	n/a	n/a	n/a	n/a
Financial indicators (£000)	Expenditure on energy	338	272	395	312
	CRC licence expenditure (2010 onwards)	n/a	n/a	n/a	n/a
	Expenditure on accredited offsets (e.g. GCOF)	n/a	n/a	n/a	n/a
	Expenditure on official business travel	**719	**688	**663	**603
	Expenditure on domestic air travel	*0	*0	*0	5
*data not available **excludes domestic air travel					

This table shows performance across financial years in relation to the Greening Government Greenhouse Gas Emissions commitments.

Reductions have largely been realised through low-cost energy efficiency measures, for example estate rationalisation, by using space more efficiently and co-locating with other organisations.

Electricity and gas for over 50% of the estate is purchased through a collaborative framework provided by the Government Procurement Service (formerly Buying Solutions). All electricity purchased via the framework is from renewable sources, and is therefore Climate Change Levy exempt. The Energy Framework allows for consolidated energy spend to be positioned to continually provide the best value for government.



We have commenced a programme for installing Automated Smart Meters (ASM) across the estate, which monitor and record all energy usage. When completed, this system will enable more accurate reporting for energy consumption.

The increase in CO₂ emissions for travel is as a result of staff needing to travel more frequently between offices and for meetings with service users, with the reduction in the number of offices on the Cafcass estate.

Table six: Domestic business travel

	Domestic travel modes	2009-10	2010-11	2011-12	2012-13
Financial Indicators Tonnes CO₂e	Car	765	791	986	1,144
	Rail	38	39	132	195
	Domestic flights	*0	*0	*0	3
	Total	803	830	1,118	1,342
*data not available					

We remain committed to reducing CO₂ emissions. For example, with our present car hire contract, staff members are required to use low emission vehicles. They are encouraged to use this contract rather than use their own vehicles for travel.

Waste management

Our targets for waste management are:

- reduce the amount of waste generated by 25% from a 2009-10 baseline by 2015
- achieve recycling rate of at least 85% by 2015
- cut paper use by 10% in 2011-12
- ensure that redundant Information and Communication Technology (ICT) equipment is reused (within government, the public sector or wider society) or responsibly recycled.

Table seven: Waste disposal summary

Waste		2009-10	2010-11	2011-12	2012-13	
Non-Financial Indicators (tonnes)	Total waste [minimum requirement]	317,000	408,000	319,000	435,000	
	Hazardous waste	Total	0	0	0	0
		Non-hazardous waste	Landfill	44,000	57,000	45,000
	Reused/recycled		263,000	339,000	265,000	242,000
	Composted/bio digestion		*0	*0	*0	7,000
	Total ICT waste	Reused	*0	*0	2,000	26,000
		Recycled	*0	*0	*0	8,000
	Report if possible	Incinerated/energy from waste	*0	*0	*0	65,000
		Incinerated without energy recovery	0	0	0	0
	Paper procured	Total reams	*0	*0	*0	17,865
Financial Indicators (£000)	Total disposal cost [minimum requirement]	92,000	97,000	105,000	77,000	
	Non-hazardous waste – total disposal cost	Landfill	5	6	5	0
		Reused/recycled	13	17	13	0
		Composted	0	0	0	0
		Incinerated/energy from waste	0	0	0	0
	Paper procured	Total spend	*0	*0	*0	46,000
*data not available						

This table shows the amount of IT equipment recycled, general waste and recycled waste. Figures for reams of paper procured and associated expenditure are also recorded in this section.

The increase in waste for 2012-13 can be attributed to an improved system to record and monitor confidential waste disposal.

Waste management will continue to improve with further rationalisation of the Cafcass estate and with the introduction of the new GPS framework cleaning contract, which allows for additional services such as waste management to be introduced. This contract with one national service provider will bring reduced annual costs as we will be paying for waste by the kilo, not per bin.

A review of redundant ICT equipment undertaken this year resulted in equipment being reused or recycled. Detailed records are maintained to support this process.

Finite resource consumption – water

Water efficiency targets include an internal target to reduce total consumption by 25% by 2015, from a 2009-10 baseline, and to report on office water use against the following GGC benchmarks:

- $\geq 6 \text{ m}^3$ water consumption per FTE poor practice
- 4 m^3 to 6 m^3 per FTE good practice
- $\leq 4 \text{ m}^3$ per FTE best practice
- Percentage of offices meeting the best/good/poor practice benchmark.



Table eight: Water consumption summary

Finite resource consumption – water			2009-10	2010-11	2011-12	2012-13
Non-Financial Indicators (M ³)	Water consumption	Office estate	**0	**0	**0	15,026
		Office estate per FTE	**0	**0	**0	7.83
Financial Indicators (£000)	*Water supply and sewage costs		31	26	48	22
*costs do not include offices where water services are paid for within annual service charge demands. **data not available						

This table details the water consumption and associated water charges for the estate.

The reduction in water consumption and associated costs can be directly attributed to the reduction in offices.

Over the coming year we will be investigating recommendations/incentives currently available from our water providers to seek to improve consumption and ongoing costs for water and sewage.

Sustainable procurement

Cafcass has also been working with its suppliers to reduce the emissions of our goods and services. Where appropriate, sustainability clauses are being incorporated into all new contracts to help ensure suppliers are meeting Government Buying Standards and supporting the Department's efficiency work.

Governance

We continually monitor our sustainability performance with quarterly reports, which are submitted to the Department for review. Further work will be undertaken to improve reporting working more collaboratively with the Department over the coming year.

Note on calculations: The sustainability section of the report has been compiled using Cafcass data and where complete data sets have not been available, (for example through lack of granularity, or due to landlord service charges), DfE benchmark figures have been applied based on known parameters and data sets. This applies to data contained within tables two to eight.

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

Information Assurance

Position statement on Cafcass' Information Assurance (IA) arrangements:

- In 2012-13, The Director of Policy continued to perform the role of Senior Information Risk Owner (SIRO) and has been supported by the Information Assurance Manager and IT Business Partner.
- Quarterly Information Assurance Programme Board (IAPB) meetings have taken place with the organisation's business area information asset owners in attendance. Cafcass continues to incorporate good IA practice into all of its work.
- The IAPB consider the log of data breaches that have taken place and regularly assess any information management associated risks. The majority of Cafcass breaches have been paper related. Any change in the nature of breaches continues to be monitored, with specific reference to an updated IA policy and Cafcass case files becoming increasingly electronic.
- Cafcass reports annually its position in relation to the IA Maturity Model, Security Policy Framework and planned future work to the Cabinet Office via the Department. Cafcass is performing well and continues to maintain a strong level 3 position (on the five point scale; five being the highest).
- In 2012-13, Cafcass has continued to promote good IA through an IA campaign, the mandatory completion of information security training, and the implementation of a proposed solution for a new secure email process in order to communicate electronically with service users and agencies. Preparations have also begun for the implementation of the Government's new security classification scheme.

A summary of personal data related incidents is available in table nine.

No protected personal data related incidents were formally reported to the Information Commissioners Office in 2012-13.

Incidents deemed by the Data Controller¹⁷ not to fall within the criteria for reporting to the Information Commissioner's Office, but recorded centrally, are set out in the table below.

Table nine: Summary of other protected personal data related incidents in 2012-13

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	1
iii	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
iv	Unauthorised disclosure	46
v	Other	5

Over the last three years, the number of reported breaches has risen steadily. This increase may in part reflect increased staff awareness of the need to report data breaches and of the reporting process itself. 39 of the 46 unauthorised disclosures were related to data transfer and included mis-directed post (29), email (eight) and faxes (two).

¹⁷ Information Assurance Manager



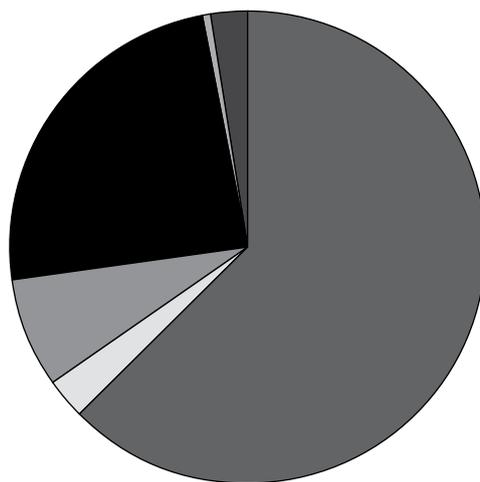
Financial commentary

In 2012-13, Cafcass was awarded grant funding from central Government of £127.472 million. We also received separate additional funding of £2.540 million for contact services and £0.1m to carry out police checks.

A summary of how we spent our budget is shown below and further details are provided within our 2012-13 Accounts in Section 5.

Table ten: How we spent our budget 2012-13

Staff costs	63%	£81.384m
Self Employed Contractors	3%	£3.444m
Agency Staff	8%	£7.615m
Other operating charges	24%	£31.912m
Depreciation and asset write downs	0%	£0.605m
Partnership costs	2%	£3.040m



Annual accounts 2012-13

The Statement of Accounts of Cafcass for the year ended 31st March 2013 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 2012-13 (cf 2011-12). There have been no non-audit services during 2012-13.

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 2013 shows net liabilities of £185.885 million, including the pension liability of £170.768 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 2013 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 3.87 days (10.87 days in 2011-12).

Interest of £nil has been paid or claimed by creditors under the Late Payment of Commercial Debts Act (£22 in 2011-12).

Performance against Key Performance Indicators 2012-13

Each year Cafcass agrees on a set of Key Performance Indicators (KPIs) with ministers in order to monitor our performance against the set targets.

Key Performance Indicator 1: Public law		
<p>Cafcass will measure the proportion of open public law care workload allocated to an appointed Children's Guardian.</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</p> <p>97% to 100% GREEN</p> <p>90% to 96% AMBER</p> <p>0% to 89% RED</p>	<p>2012-13 Performance</p> <p>99.8% GREEN</p>	<p>Performance against this indicator has improved compared to last year (98.4%).</p> <p>All of our 17 service areas exceeded the Green level in each individual month in 2012-13. This is despite the continuing record level of care application demand, on average 921 applications per month during 2012-13 compared to 854 applications per month last year.</p>
<p>Source: All data is taken from the Cafcass Case Management System (CMS), which is a live national database.</p> <p>Calculation method: 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.</p> <p>Assumptions: Allocated includes cases allocated on substantive basis to a named practitioner.</p> <p>Changes: This KPI was unchanged from 2011-12.</p>		

Key Performance Indicator 2: Public law		
<p>Cafcass will measure the timeliness of allocation to an appointed Children's Guardian, for all care applications received.</p> <p>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 within three working days of receipt of the case.</p> <p>Targets</p> <p>0 to 2.9 days GREEN</p> <p>3 to 4.9 days AMBER</p> <p>5+ days RED</p>	<p>2012-13 Performance</p> <p>0.8 days GREEN</p>	<p>Although not a KPI in 2011-12, the corresponding figure for that year against this measure was 4.3 working days.</p> <p>Nationally, performance exceeded the Green level in each individual month in 2012-13, with all 17 service areas exceeding the Green level in each individual month from June 2012 onwards.</p>
<p>Source: All data is taken from the Cafcass Case Management System (CMS), which is a live national database.</p> <p>Calculation method: Counts all care cases allocated to a Children's Guardian in the year, and the interval in working days from the date the case was received to the date of allocation. The date case received is counted as day 0. The total working days taken is then divided by the total number of cases to give an average working days figure.</p> <p>Assumptions: Allocated includes cases allocated on substantive basis to a named practitioner.</p> <p>Changes: This was a new KPI for 2012-13.</p>		

Key Performance Indicator 3: Private law

Cafcass will measure the proportion of open private law workload allocated to a Family Court Adviser.

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% to 100% GREEN

90% to 96% AMBER

0% to 89% RED

2012-13
99.3% GREEN

Performance has made a slight improvement compared to last year (99.2%).

All of our 17 service areas exceeded the Green level in each individual month in 2012-13. This is despite the 9.5% increase in private law case demand compared to 2011-12.

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 renumbered from KPI 2 to KPI 3, but is otherwise unchanged from 2011-12.

Key Performance Indicator 4: Private law

Cafcass will measure the proportion of section 7 reports that meet their agreed filing times.

This indicator is a measure of the ability to file the four categories of report, set out in schedule 1 of the President's Private Law Programme 2010, by the date agreed with the court.

Targets

97% to 100% GREEN

90% to 96% AMBER

0% to 89% RED

2012-13
99.1% GREEN

Performance has made a slight improvement compared to last year (98.2%).

Nationally, performance exceeded the Green level in each individual month in 2012-13. All of our 17 service areas exceeded the Green level in 2012-13 year as a whole.

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 was renumbered from KPI 5 to KPI 4, but is otherwise unchanged from 2011-12.



Cafcass Service Area Map as at 31st March 2013

A1: North and South of Tyne and Cumbria

A2: Teesside, Durham and North Yorkshire

A3: Greater Manchester

A4: South Yorkshire and Humberside

A5: West Yorkshire

A6: Hampshire and Isle of Wight

A7: Avon, Wiltshire, Gloucestershire, Thames Valley and Buckinghamshire

A8: Dorset, Cornwall, Devon and Somerset

A9: Cheshire, Merseyside and Lancashire

A10: Staffordshire, Shropshire, Herefordshire and Worcestershire

A11: Derbyshire, Leicestershire, Lincolnshire, Nottinghamshire and Cambridgeshire

A12: Birmingham and Black Country

A13: National Business Centre, Northamptonshire and Warwickshire

A14: Norfolk, Suffolk, Essex, Hertfordshire and Bedfordshire

A15: Greater London

A16: Sussex and Surrey

A17: Kent



Table eleven: Number 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 & South of Tyne, & Cumbria	3,384	616	1,728
Marie Gittins	A2	Teesside, Durham & North Yorkshire	3,580	638	1,761
Shabana Abasi	A3	Greater Manchester	5,659	926	2,992
Hilary Barrett	A4	South Yorkshire & Humberside	4,410	728	2,375
Hilary Barrett	A5	West Yorkshire	4,715	734	2,500
Steve Hunt	A6	Hampshire & the Isle of Wight	2,798	419	1,493
Kevin Gibbs	A7	Avon, Wiltshire, Gloucestershire, Thames Valley & Buckinghamshire	5,733	916	2,959
Peter Mitchell	A8	Dorset, Cornwall, Devon & Somerset	4,668	736	2,458
Colette Dutton	A9	Cheshire, Merseyside, & Lancashire	7,759	1,175	4,108
Vera Boyes	A10	Staffordshire, Shropshire, Herefordshire & Worcestershire	3,718	549	1,962
Neville Hall	A11	Derbyshire, Leicestershire, Lincolnshire, Nottinghamshire & Cambridgeshire	7,553	1,049	4,071
Ana Popovici	A12	Birmingham & Black Country	4,664	790	2,296
Liz Elgar	A13	National Business Centre, Northamptonshire & Warwickshire	2,597	417	1,328
Sarah Parsons	A14	Norfolk, Suffolk, Essex, Hertfordshire & Bedfordshire	7,701	1,126	4,148
Ana Popovici Sarah Parsons	A15	Greater London	12,266	2,013	6,355
Ana Popovici	A16	Sussex & Surrey	3,075	443	1,685
Steve Hunt	A17	Kent	3,002	448	1,585
National Total			87,282	13,723	45,804



Key Roles and Responsibilities

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 31st March 2013 the Board members were:

Baroness Claire Tyler, Cafcass Board Chair

Mary MacLeod, OBE Cafcass Board Deputy Chair

Ian Butler, Cafcass Board Member

Terence Connor, Cafcass Board Member

John Lakin, Cafcass Board Member

Honor Rhodes, OBE Cafcass Board Member

Kamaljit Singh, Cafcass Board Member

Francis Plowden, Cafcass Board Member

Fay Selvan, Cafcass Board Member

Stuart Smith, Cafcass Board Member

Geoffrey Bush, CB DL Cafcass Co-opted Board Member

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.

The Cafcass Corporate Management Team (CMT)

The membership of CMT, as at 31st March 2013, was as follows:

Anthony Douglas, CBE Chief Executive

Christine Banim, National Service Director

Julie Brown, Director of Finance

Bruce Clark, Director of Policy

Jabbar Sardar, Director of Human Resources and Organisational Development



Anthony Douglas, CBE
Chief Executive and Accounting Officer

Date: 21st June 2013

Section 2:

Remuneration Report

Part A: unaudited information

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 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.

Service contracts

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.
- Cafcass Board Members are appointed on one, two or three-year terms.

Part B: audited information

Table twelve: Board members' remuneration

Board Members	2012-13		2011-12	
	Salary (£000)	Benefits in kind (to nearest £100)	Salary (£000)	Benefits in kind (to nearest £100)
Baroness Claire Tyler of Enfield (Chair 23rd January 2012)	44	-	9 (44 full-year equivalent)	-
Mary MacLeod OBE (Deputy Chair 1st April 2012)	20	-	10	-
Professor Ian Butler AcSS	10	-	10	-
Terence Connor	10	-	10	-
Kamaljit Kaur Singh	10	-	10	-
Honor Rhodes OBE (from 15th June 2012)	8 (10 full-year equivalent)	-	-	-
John Lakin (start 1st April 2012)	10	-	-	-
Francis Plowden (start 1st April 2012)	10	-	-	-
Fay Selvan (start 1st April 2012)	10	-	-	-
Stuart Smith (start 1st April 2012)	10	-	-	-
Geoffrey Bush CB DL (from 1st August 2012)	4 (10 full-year equivalent)	-	-	-
Professor June Thoburn CBE (member until 30th April 2012)	2 (10 full-year equivalent)	-	10	-
Baroness Valerie Howarth of Breckland OBE (Chair until 23rd January 2012)	-	-	36 (44 full-year equivalent)	-
Jennifer Bernard (until 31st March 2012)	-	-	10	-
Mark Eldridge (Deputy Chair until 31st March 2012)	-	-	14	-
Ernie Finch MBE (until 31st March 2012)	-	-	10	-
Nicholas Stuart CB (co-opted to the Board until 31st March 2012)	-	-	10	-
Baroness Ritchie of Brompton (until 24th April 2012) ¹⁸	1	-	10	-

¹⁸ Baroness Ritchie of Brompton sadly passed away in April 2012.

Chair of the Board					
	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 2013 and related lump sum (£2,500 bands (£000))	CETV at 31st March 2013 (£000)	CETV at 31st March 2012 (£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	22	2	20

Salary and pension entitlements

The remuneration for Cafcass Board members is shown on page 38 and the remuneration for the Corporate Management Team is shown on page 40. 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 2013, the Performance Related Pay Scheme remained suspended, for the third 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 four and five of the table on page 40 show the members' cash equivalent transfer value (CETV) accrued at the end and at the beginning of the reporting period. Column six 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 thirteen: Core Corporate Management Team remuneration 2012-13

		1	2	3	4	5	6
	Salary 2011-12 (performance pay) (£5,000 bands) (£000)	Salary 2012-13 (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 2013 and related lump sum (£2,500 bands) (£000)	CETV at 31st March 2013 (£000)	CETV at 31st March 2012 (£000)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)
Anthony Douglas, CBE Chief Executive	160-165 (0)	160-165 (0)	0.0-2.5 plus 2.5-5.0 decrease	75-80 plus 190-195 lump sum	1,654	1,631	(13)
Charlotte McCafferty, Director of Legal Services (until 31st December 2012)	110-115 (0)	110-115 (0)	0.0-2.5 plus 0.0-2.5 decrease	35-40 plus 80-85 lump sum	741	689	37
Jabbar Sardar, Director of Human Resources & Organisational Development	115-120 (0)	120-125 (0)	2.5-5.0 plus 5.0-7.5	35-40 plus 80-85 lump sum	496	425	62
Julie Brown, Director of Finance	110-115 (0)	115-120 (0)	0.0-2.5 plus 0.0-2.5	5-10 plus 0-5 lump sum	94	71	21
Christine Banim, National Service Director	115-120 (0)	140-145 (0)	7.5-10.0 plus 12.5-15.0	45-50 plus 100-105 lump sum	997	830	149
Bruce Clark, Director of Policy	110-115 (0)	115-120 (0)	0.0-2.5 plus 0.0-2.5	65-70 plus 0-5 lump sum	950	884	47

Table fourteen: Top to median staff pay multiples ratio

	2012-13		2011-12
Highest earner's total remuneration (£000)	160-165	Highest earner's total remuneration (£000)	225-230
Median total remuneration	40.316	Median total remuneration	40.316
Ratio	1:3.99	Ratio	1:5.6

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 2012-13 (on a full year-equivalent) was £160,000 to £165,000 (2011-12, £225,000 to £230,000¹⁹). This was 3.9 times (2010-11, 5.6 times) the median remuneration of the workforce, which was £40,000 to £45,000 (2011-12, £40,000 to £45,000).

In 2012-13, nil (2011-12, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £10,000 to £165,000 (2011-12, £10,000 to £227,000).

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 14 to balance our budget and protect frontline roles.



Anthony Douglas CBE
Chief Executive and Accounting Officer

Date: 21st June 2013

¹⁹ 2011-12 highest paid Director's remuneration includes severance payment.

Section 3:

Statement of Cafcass' and Accounting Officer's 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

The Governance Framework

1. Cafcass is an executive non-departmental public body (NDPB) of the Department for Education. I am the Chief Executive and the Accounting Officer. I am personally responsible and accountable to Parliament for the organisation and quality of the work carried out by Cafcass, including its use of public money and the stewardship of its assets. Quarterly accountability meetings are held between the Chair of Cafcass, the Chief Executive of Cafcass and the Minister with responsibility for Cafcass, at which the main risks faced by Cafcass are reviewed, and performance against the requirements set out in the annual Cafcass remit letter is scrutinised. Regular issue-based 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.
2. The Chair of the Cafcass Board is Baroness Claire Tyler, who is also accountable to the Secretary of State for Education. The Cafcass Board is made up of appointed members who come from a variety of relevant backgrounds or who have relevant experience to the business need in Cafcass. The Cafcass Board use their expertise and experience to establish Cafcass' strategic aims and objectives. Each Board member has a set portfolio of work to support the delivery of the organisation's strategic aims and objectives and to provide scrutiny and challenge to the executive on all aspects of their work, in line with good governance principles.
3. The Board meets six times a year. Their work is supported by three committees: the Audit and Risk Assurance Committee (ARAC), the Performance Committee, and the Quality Committee. Each Committee has clear Terms of Reference, a work programme and a forward planner. Each committee chair summarises the decisions and key points from each of their meetings to the main Board. We have a Remuneration

Committee, which last met in December 2011. A Board effectiveness review which builds on an internal audit of Corporate Governance (February 2013) has been carried out in April 2013.

4. The Cafcass Young People's Board, now known as the Family Justice Young People's Board (FJYPB) continues to support the organisation and sits within the governance structure. Two representatives of the FJYPB attend meetings of the Cafcass Board. During the last year and extending into next year, the FJYPB also acts across the whole of the Family Justice System, as this is integral to the family justice reform process across Government.
5. I am supported by the Directors who make up the Corporate Management Team (CMT). Within CMT, there are Directors for Finance, Policy, Human Resources and Organisational Development, and a National Service Director who provides direct leadership and management of operational services. CMT meets weekly and every sixth week becomes the Management Board, which has a wider membership and whose Terms of Reference are to consider the major strategic and operational issues facing Cafcass in depth. I am satisfied that the systems in place to monitor and report on the portfolios and areas of responsibility for the members of the CMT are robust; this is evidenced through high levels of savings, balanced budgets, improving Ofsted inspections and a strong control environment. Systems in Cafcass have become stronger and more resilient in the last year and that has reduced the general level of risk.
6. Services are delivered through 17 local service areas. The Operational Management Team meets monthly to manage performance and take steps to improve services. Service Area Meetings (SAMs) take place in the area in the following week to translate corporate and operational area strategies into local action through a well-established information briefing and Exchange model. Local team meetings take place after the SAMs, so that front line staff are up to date with requirements. They in turn feed issues into management, in order to constructively influence policy and strategy.

Board performance

As part of the 2012-13 Audit Strategy, Internal Audit (Parkhill) undertook a review of the Cafcass governance framework (January 2013). Arrangements were considered against the HM Treasury 'Corporate Governance in central government departments: a code of good practice' (July 2011). On the basis of the work performed, Internal Audit confirmed that the governance arrangements were operating effectively, in the following ways:

- The frequency, schedule, coverage and extent of business dealt with at each meeting seemed appropriate to support the Board.
- Suitable covering papers were found to be in place in respect of agenda items, informing Board members of how items link to strategic issues, benefit children, and impact upon finance, risk, diversity, legal and human resources.
- The reporting of Committee business through to Board was found to be robust; with each committee Chair providing a verbal report on the business of the committee since the last meeting and this report being supplemented by copies of the minutes for information. All committees are chaired by a member of the Board (not including co-opted); this assists in ensuring the benefits of devolved responsibilities are achieved as the respective Chairs are present at each Board meeting.
- The documentation last used to perform Board appraisals was found to largely reflect expectation.

Based on this review the Board considers it has effective governance arrangements in place. The review also identified two significant areas for consideration:

- A single Governance Support Officer role to gain greater knowledge of the business and activities across committees and to act as a consistent point of reference to support members and particularly the Chair of each committee in the performance of their role.

In response, from January 2013, two Head of Service (Corporate Services) posts have been created



along with enhanced corporate support. One of the Heads of Service acts as Board Secretary, attending each Committee, providing advice and support to the Chairs, and ensuring the work programme of each committee is linked together coherently.

- Statutory Instrument Regulation 22 and Cafcass Standing Orders require it to hold two open public Board meetings each calendar year. At the time of review one per annum had been held. A second open session should be identified and held each calendar year to comply with the Statutory Instrument or suitable approval obtained for departure.

In response, for the financial year 2013-14, one extra Board meeting, probably in July 2013, will be designated as open. Stakeholders will be invited in the same way they are to the current annual Open Board meeting, though this second meeting will be a normal Board meeting, not a special separate event.

The following table shows Board member attendance for the Board, Audit and Risk Assurance Committee, Board Performance Committee, and Board Quality Committee, and the number of meetings that individuals were eligible to attend.

Table fifteen: Board member attendance 2012-13

Board members	Board	ARAC	Quality	Performance
Baroness Claire Tyler (Chair from 23rd January 2012)	6/7	n/a	n/a	5/5
Mary MacLeod OBE (Deputy Chair)	7/7	5/5	4/4	n/a
Professor Ian Butler	7/7	n/a	3/4	n/a
Terence Connor	6/7	n/a	4/4	n/a
Kamaljit Singh	6/7	3/5	n/a	4/5
John Lakin	6/7	4/5	n/a	4/5
Fay Selvan	5/7	n/a	3/4	n/a
Stuart Smith	6/7	n/a	n/a	5/5
Francis Plowden	5/7	5/5	n/a	n/a
Honor Rhodes OBE	6/6 (appointed 15.06.12)	4/5	4/4	n/a
Geoffrey Bush CB DL (Co-opted member)	4/4 (appointed 01.08.12)	2/2	n/a	n/a

The Risk Management Framework

The Cafcass Risk Management Policy sets out the organisation's approach to risk management and clearly outlines the leadership, responsibility and accountability arrangements. It was reviewed by the Audit and Risk Assurance Committee in March 2013, and is due to be refreshed in early 2013-14 in order that it clearly aligns with our current risk strategy, which is to manage our risks by strengthening our systems, staff skill sets and working practices.

Cafcass has a Strategic Risk Register which is reviewed and updated on a quarterly basis. This is overseen by the Cafcass Audit and Risk Assurance Committee and the full Cafcass Board. 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 business plans, nationally and locally, before the commentary is updated. Risk and impact analysis are

included in each plan as a standard heading. The management teams work well together and risks, where known and understood, are responded to immediately and escalated appropriately.

A Risk Management review by Internal Audit (November 2012) identified potential improvements to the documenting and presentation of national operational risks. How we treat and manage these risks, including escalation, is clearly outlined in our Operating Framework. The risks are also discussed and monitored through the Operational Management Team, with the more strategic elements managed through the strategic risk process, and discussed at CMT, ARAC, and Board meetings. Further work is underway to improve on the presentation of these risks, in line with audit suggestions.

In 2012-13, following a consultation period, the new Cafcass Strategic Plan 2013-15 was launched – the plan was largely informed by a six month programme of visits by the Chief Executive to local teams throughout the country plus some external consultation with the main national organisations we work with. The Strategic Plan, along with the National Business Plan, is reviewed by CMT and the Board on a regular basis, with the associated risks to its delivery captured through the strategic risk process.

Managing our strategic risks:

During 2012-13, the ARAC provided substantial input to a re-basing exercise of the Strategic Risk Register. The register was revised with a focus on improving the understanding of the nature of the key risks, and to give greater transparency to the controls and assurance in relation to these risks as well as the further mitigating action in hand. Risks were categorised more clearly.

The Strategic Risk Register now groups 12 risks under three risk categories: priority risks (risks that become particularly significant within a relatively short/urgent timescale), strategic risks (risks that have an impact on delivery of the medium term strategic objectives), and thematic risks (risks that are managed as part of business as usual and form part of everyday service delivery).

Highlights of the work delivered in order to mitigate our strategic risks in the year, and any ongoing issues, are provided below:

- Financial risks for the year have focused on our capability to effectively maintain measures to manage forecast spend and improve productivity, while delivering a timely level of efficiency savings of sufficient size to manage unavoidable spending pressures in future years – this is against uncertainties of the timing notifications and amounts of future grant funding allocations. This continues to be a moderate risk for us in 2013-14 and we have identified circa £4 million savings for 2014-15, which is the level of savings needed assuming a standstill budget. An internal audit on budgetary controls earlier in the year provided some positive assurances on our budget control framework. Recommendations to improve some of our budget management tools have all been implemented.
- Our quality of working practice risks, are largely focused on ensuring that the practice models set out in our OF, launched in May 2012, continue to become increasingly embedded into everyday practice. Going forward in 2013-14, to cover unavoidable cost increases we will continue to refine the framework in line with changes to the Public Law Outline, in order to reduce the duration of care proceedings. Our complaints procedure has been streamlined following internal and external input, and is now managed from one central point in the Cafcass National Business Centre in Coventry.

The main risks being managed at the time of writing are:

- routinely producing case analyses of a sufficiently high standard within the 26 week limit in public law care cases being set out in the revised Public Law Outline
- improving the quality of private law casework so that it is consistently good in every service area
- retaining the highest quality staff who add the most value to organisational performance and standing.

Other relevant risk reduction and mitigation strategies include:

- A rigorous external inspection programme (Ofsted).
- External scrutiny of our accounts (National Audit Office).
- Unannounced practice inspections/health-checks by the Cafcass National Improvement Service; an in-house group of specialist improvement managers whose methodology is largely based on that of Ofsted.
- A targeted internal audit programme; for 2012-13, a new 'mixed economy approach' was put into practice – this encompasses a Head of Internal Audit role provided through an external contract with Parkhill, and an in-house Business Assurance function, with the HIA providing oversight and input and assurances to the Audit and Risk Assurance Committee.
- The further embedding and the annual update of the OF, following its development during 2010 and 2011 and its launch in May 2012. The OF sets out how and why services are delivered in the way they are, and staff are trained and supervised accordingly on its principles and specific procedures. Management oversight of cases supplements situational and reflective supervision of staff.

The effectiveness of the approaches outlined above can be evidenced through the robustness and safety of our operating systems and our continuing improvement in performance, productivity and the quality of our work. This has been validated recently by the two best ever Ofsted inspections in the history of Cafcass: February (A14) and March (A17) 2013.

Productivity/performance

- In the 2012-13 year to date, the number of unallocated care cases has never exceeded 0.6% of the total stock of open care cases, with care cases being allocated to a Children's Guardian in less than one working day on average. This compares with the 36 days it took to allocate in 2010. This level of performance in relation to both measures has exceeded the performance level required by the Secretary of State in the Cafcass remit letter for 2012-13. This sustained level of performance has been achieved in the context of the incoming 'flow' of new care applications growing by 8% in 2012-13, compared to the record numbers received in 2011-12. These increases appear set to continue into the 2013-14 year.
- 98%+ scores on data quality audits of the Intake Team at the National Business Centre have been sustained throughout 2012-13 (a slight improvement on 2011-12).
- A further value for money improvement has been sustained in the area of sickness absence. The average practitioner sickness rate, including leavers, has reduced from 10.7 days in 2011-12 to 7.4 days in 2012-13 to date. The average non-practice staff sickness rate has reduced from 7.9 days in 2011-12 to 5.7 days in 2012-13 to date. The cost of sickness absence has reduced from £3.3m to £2.2m and is projected to reduce to £2m by September 2013.
- Following a successful six month trial in 2011, Cafcass now operates a workload weighting system, which was developed in collaboration with Napo and Unison, to help better manage the caseloads of individuals. The post-pilot changes include the recognition of court duty days in private law, and report attracting hearings in public law cases. Further adjustments to the system will be made if changes to working practices need to be reflected in the model.
- Private law productivity improvements have also been sustained throughout 2012-13 to date. Section 7 welfare reports in respect of children are being supplied on time in more than 99% of cases, exceeding the performance level set in the remit letter, with average filing times at 12.3 weeks. In addition, more than 99% of new incoming applications are being screened by duty practitioners within 24 hours of receipt by the Cafcass Intake team at the National Business Centre.



Information Assurance

- In 2012-13, the Director of Policy continued to perform the role of Senior Information Risk Owner (SIRO) and has been supported by the Information Assurance Manager and IT Business partner.
- Quarterly Information Assurance Programme Board (IAPB) meetings have taken place with the organisation's business area information asset owners in attendance. Cafcass continues to incorporate good Information Assurance practice into all of its work streams.
- The IAPB discuss all data breaches and assess any related information management associated risks. The majority of Cafcass breaches have been paper related. The acceleration of electronic filing will reduce these risks in the coming years.
- Cafcass reports its self-assessment against the Information Assurance Maturity Model annually to the Cabinet Office through the DfE. Cafcass is performing well and continues to maintain a strong level three position (on the five point scale).
- In 2012-13, Cafcass has continued to promote good Information Assurance through a campaign, the mandatory completion of information security training, and the implementation of a proposed solution for a new secure email process in order to transmit data, files and emails with service users and partner agencies. Preparations have also begun for the implementation of the Government's new security classification scheme.
- Improving the accuracy and quality of information produced by the organisation is an additional assurance. This remains a key service priority.

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. The Chair of the ARAC reports back to the Board following each Committee meeting, and provides the Board with an annual report of its business.

The ARAC undertakes the following key tasks:

- provides input to the Annual Report and Accounts and recommends its approval to the full Board
- approves the internal audit programme
- reviews reports by internal and external audit and the tracking of the related recommendations
- provides scrutiny of the strategic risk register
- specific requests to management for additional assurance reports.

Other than the standard areas of business, during the year the ARAC monitored and provided input into the new internal audit arrangements to ensure that any risks with the move to an in-house delivery model were being effectively mitigated. They also provided input into the recasting of the Strategic Risk Register to improve on the clarification and presentation of our key strategic risks.

Head of Internal Audit Opinion

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 2012-13, the HIA gave a 'moderate assurance' opinion on the design adequacy and effectiveness of Cafcass' internal control system. No 'limited assurance' reports were received from Internal Audit during the period.

Looking forward Statement

We have received a grant from DfE for 2013-14 which allows us to meet all of our anticipated commitments. Our remit letter for next year contains tough but deliverable targets. I have already highlighted the major risks we face above, in both public and private law work. In addition, the reduction in legal aid from April 2013, and the consequential increase in litigants in person in private law cases, will be another challenge to the way we carry out our work, with more professional time probably being needed as a direct result. We are evaluating what happens in practice through our service in Greater Manchester, and will discuss the findings with Government. Despite record volumes of incoming work, we are completing cases in record numbers and times as well, which simply means we need to keep the equation between demand and completion of cases under constant review throughout 2013-14. Case durations are reducing as a result of the family justice reforms, and the reform process will become increasingly significant for us during 2013-14, in the following ways:

- The basis for our work in legislation, court rules and Practice Directions is changing, placing a greater onus on our early intervention in public and private law cases.
- While case durations have reduced, they need to reduce much further and faster if the family justice system is in a position to meet the new legislation about timescales in care cases, likely to commence in April 2014. We will need to adapt our practice further in line with this.
- We are likely to transfer from the sponsorship of the DfE to the sponsorship of the Ministry of Justice by March 2015, so the pace of due diligence work and preparation for transfer will probably intensify throughout the year.
- Ofsted is currently consulting on a new inspection framework for Cafcass from April 2013 onwards, consisting of a single two week inspection of the national organisation and up to six local service areas.

All recent indicators of performance, the quality of work and governance are positive. As Accounting Officer, I am confident that our systems and processes are more robust and resilient than ever before, though we will take additional steps to strengthen them in 2013-14. I will also be ensuring all national services are reviewed in a planned programme of reviews, in much the same way as local service areas have been subject to health checks and audits.

To conclude, 2013-14 will be a challenging and in many ways a transitional year, preparing for the commencement of important new legislation affecting Cafcass, our transfer of sponsor to the Ministry of Justice and the identification of further savings, particularly in programmes and services classified as admin or backroom services, given the continuing need to reduce public expenditure on all but essential frontline services.



Anthony Douglas CBE
Chief Executive

Date: 21st June 2013

Section 5:

Accounts

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 for the year ended 31 March 2013 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 Board, Accounting Officer and auditor

As explained more fully in the Statement of Children and Family Court Advisory and Support Service's and Accounting Officer's Responsibilities, the Children and Family Court Advisory and Support Service Board 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 the Children and Family Court Advisory and Support Service's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Children and Family

Court Advisory and Support Service; 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 the Children and Family Court Advisory and Support Service's affairs as at 31 March 2013 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
- 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 2013

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31st March 2013

	Note	2012-13		2011-12	
		£000	£000	£000	£000
Expenditure					
Staff costs		81,335		82,643	
Past pension service cost	4	49		662	
Total staff costs	4	81,384		83,305	
Self-employed contractors & agency staff	21	11,059		14,648	
Depreciation	8/9	605		810	
Partnerships	22	3,040		2,891	
Other expenditure	6	31,912		29,668	
			128,000		131,322
Income					
Income from activities	3/7	59		103	
			59		103
Net expenditure			(127,941)		(131,219)
Interest (payable)/receivable	23		(342)		698
Net expenditure after interest			(128,283)		(130,521)
Other comprehensive expenditure					
Net gain on revaluation of property, plant & equipment			404		44
Net gain on revaluation of intangibles			96		2
Net gain on revaluation of assets classified as held for sale			0		97
Pension fund actuarial loss	23		(23,769)		(18,301)
Total comprehensive expenditure for the year ended 31st March 2013			(151,552)		(148,679)

The Notes on pages 56 to 81 form part of these Accounts.

Statement of Financial Position as at 31st March 2013

	Note	31st March 2013		31st March 2012	
		£000	£000	£000	£000
Non-current assets					
Property, plant & equipment	8	990		1,254	
Intangible assets	9	22		48	
Total non-current assets	3		1,012		1,302
Current assets					
Assets classified as held for sale	8.1	56		1,170	
Trade & other receivables	12	2,480		3,752	
Other current assets					
Cash & cash equivalents	13	1,305		1,552	
Total current assets			3,841		6,474
Total assets			4,853		7,776
Current liabilities					
Trade & other payables	14	(15,864)		(14,685)	
Total current liabilities			(15,864)		(14,685)
Non-current assets less net current liabilities			(11,011)		(6,909)
Non-current liabilities					
Provisions	15	(4,106)		(4,255)	
Pension liabilities	23	(170,768)		(147,967)	
Total non-current liabilities			(174,874)		(152,222)
Assets less liabilities			(185,885)		(159,131)
Taxpayers' equity					
General reserve			(187,020)		(160,344)
Revaluation reserve			1,135		1,213
			(185,885)		(159,131)

The Financial Statements on pages 52 to 81 were approved by the Board on 21st June 2013 and signed on its behalf by:



Anthony Douglas CBE
Chief Executive and Accounting Officer

Date: 21st June 2013

Statement of Cash Flows for the year ended 31st March 2013

		2012-13	2011-12
	Note	£000	£000
Cash flows from operating activities			
Net expenditure after interest	3	(128,283)	(130,521)
Depreciation	8/9	605	810
Loss on disposal of assets		0	46
Decrease/(increase) in trade & other receivables	12	1,272	(921)
Increase/(decrease) in trade payables	14	1,179	(1,437)
Increase in payables not passing through the Statement of Comprehensive Net Expenditure		(80)	0
Cost of sales on disposal of assets		(41)	0
In year additional pension costs	23	(968)	(883)
(Decrease)/increase in provisions	15	(149)	393
Impairments	8/9	113	150
Net cash outflow from operating activities		(126,352)	(132,363)
Cash flows from investing activities			
Purchase of property, plant & equipment	8	(2)	(44)
Proceeds of disposal of property, plant & equipment		1,309	0
Net cash inflow/(outflow) from investing activities		1,307	(44)
Cash flows from financing activities			
Grant-in-Aid from parent department for resource expenditure		122,256	115,662
Grant-in-Aid from parent department for capital expenditure	8/9	2	44
Other grant funding received		2,540	2,450
Net cash inflow from financing activities		124,798	118,156
Net decrease in cash and cash equivalents in the period			
Cash & cash equivalents at the beginning of the period	13	1,552	15,803
Cash & cash equivalents at the end of the period	13	1,305	1,552

Statement of Changes in Taxpayers' Equity as at 31st March 2013

		General reserve	Revaluation reserve	Total
	Note	£000	£000	£000
Balance at 31st March 2011		(129,801)	1,193	(128,608)
Changes in taxpayers' equity				
Net gain on revaluation of property, plant & 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		74	(74)	0
Release of revaluation reserve to general reserve due to disposals		49	(49)	0
Net expenditure after interest	3	(130,521)	0	(130,521)
Pension fund actuarial losses	23	(18,301)	0	(18,301)
Total comprehensive expenditure		(148,699)	20	(148,679)
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
Balance at 31st March 2012		(160,344)	1,213	(159,131)
Changes in taxpayers' equity				
Net gain on revaluation of property, plant & equipment	8	0	404	404
Net gain on revaluation of intangible assets	9	0	96	96
Release of revaluation reserve to general reserve due to impairments		63	(63)	0
Release of revaluation reserve to general reserve due to disposals		515	(515)	0
Net expenditure after interest	3	(128,283)	0	(128,283)
Pension fund actuarial losses	23	(23,769)	0	(23,769)
Total comprehensive expenditure		(151,474)	(78)	(151,552)
Grant-in-Aid from parent department for resource expenditure		122,256	0	122,256
Grant-in-Aid from parent department for capital expenditure	8/9	2	0	2
Other grant funding received		2,540	0	2,540
Balance at 31st March 2013		(187,020)	1,135	(185,885)

Notes to the Accounts for the year ended 31st March 2013

1A Accounting policies

These Financial Statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM 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 has been selected.

The particular policies adopted by Cafcass for the 2012-13 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 International Financial Reporting Standards (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.

As it stands, current Government policy remains 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 2012-13 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.

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 a 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.

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 a 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.

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, additional depreciation has been applied in the Accounts consistent with the reduction in life of existing Flexed laptops from five years to the estimated replacement date. Non-Flexed laptops continue to be depreciated over five 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 under Flex	Estimated replacement date.
Laptops (non-Flex)	Five 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.

Other grant funding (Contact Services funding) is used to provide grants to Child Contact Centres and is also treated as financing and credited to the general reserve.

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 whilst premises are in active use, and to accrue for these liabilities once settlement has been agreed.

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' 2011-12 Annual Report and Accounts.

2a) Accounting standards and other FReM changes issued and effective in 2012-13 for the first time

STANDARD (amendment/new)	Effective date	Summary	FReM Impact
IFRS 7 - Financial Instruments: Disclosures (annual improvements)	1st July 2011	Increased disclosure requirements for transfers of financial assets. 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. <i>Impact: Minimal.</i>	2012-13 IFRS 7 in full



2b) New standards not yet effective

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

Details of the impact of revisions to IAS19, which are effective for the 2013-14 Accounts, are set out in Note 23.

Accounting standards issued but not yet effective

STANDARD (amendment/new)	Effective date	Summary	FReM Impact
IAS 1 – Presentation of financial statements (Other Comprehensive Income)	1st June 2012 (not EU adopted yet)	Requiring items of Other Comprehensive Income (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 hedges) or where they will not (e.g. gains on property revaluation).	Subject to consultation
<i>Impact: Minimal.</i>			
IFRS 9 – Financial Instruments	1st January 2015 (as per exposure draft issued 4th August 2011 – not yet EU adopted)	The project has three phases: Phase 1 addresses classification and measurement issues. Phase 2 addresses impairments. Phase 3 addresses hedge accounting.	Subject to consultation
<i>Impact: Minimal.</i>			
IFRS 13 – Fair Value Measurement	1st January 2013 (not yet EU adopted)	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).	Subject to consultation
<i>Impact: Minimal.</i>			
IPSAS 32 - Service Concession Arrangement	1st January 2014	IPSAS 32 provides a financial reporting standard for the grantor in accounting for service concession arrangements. 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.	Subject to consultation
<i>Impact: Minimal.</i>			

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. <i>Impact: Minimal.</i>	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. <i>Impact: Minimal.</i>	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. <i>Impact: Minimal.</i>	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. <i>Impact: Minimal.</i>	

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

	Operational service areas	Other	Total
	£000	£000	£000
2012-13			
Gross expenditure	85,022	43,320	128,342
Income	(58)	(1)	(59)
Net expenditure	84,964	43,319	128,283
Non-current assets	726	286	1,012
*2011-12			
Gross expenditure	92,033	38,591	130,624
Income	(103)	0	(103)
Net expenditure	91,930	38,591	130,521
Non-current assets	918	384	1,302

The segments above reflect the structure of the standard monthly management information provided to the chief operating decision makers.

*The 2011-12 comparative for Note 3 has been restructured to reflect the 2012-13 change in Cafcass' management reporting structure. The total values reported in the 2011-12 Accounts have not changed.

4 Staff numbers and related costs

	Cafcass Board members	Corporate National Office staff	Regional staff	Total
	£000	£000	£000	£000
2012-13				
Salaries & wages	137	5,592	57,533	63,262
Social security costs	7	519	4,976	5,502
Other pension costs	8	3,062	7,423	10,493
Past pension service cost	0	4	45	49
Total payroll costs	152	9,177	69,977	79,306
Temporary staff costs	0	515	1,575	2,090
Seconded costs	0	(10)	(2)	(12)
Total staff costs	152	9,682	71,550	81,384
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	128	1,527	1,657
Average number of temporary staff	0	4	91	95
2011-12				
Salaries & 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
Total payroll costs	160	10,359	70,138	80,657
Temporary staff costs	0	930	1,716	2,646
Seconded costs	0	2	0	2
Total staff costs	160	11,291	71,854	83,305
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

The total staff cost includes a cost of £0.185m relating to severance/voluntary early redundancy in 2012-13. In total 22 employees were involved. In 2011-12 there were severance/voluntary early redundancy costs of £0.962m involving 88 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

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
	2012-13 (2011-12)	2012-13 (2011-12)	2012-13 (2011-12)
Less than £10,000	11 (47)	9 (12)	20 (59)
£10,000-£25,000	3 (17)	3 (4)	6 (21)
£25,000-£50,000	0 (3)	4 (0)	4 (3)
£50,000-£100,000	0 (0)	1 (4)	1 (4)
£100,000-£150,000	0 (0)	0 (1)	0 (1)
£150,000-£200,000	0 (0)	0 (0)	0 (0)
Total number of exit packages by type	14 (67)	17 (21)	31 (88)
Total resource cost/£000	78 (544)	280 (478)	358 (1,022)

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 at the time of the last revaluation, being Mercer Human Resource Consulting, is 15.2% for 2012-13. 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 to date amounted to £11.873m (excluding costs of £0.173m relating to the voluntary early retirement programme) with 1,679 employees participating in the scheme during 2012-13 (2011-12: £10.819m excluding costs of £0.060m relating to voluntary early retirement/1,770 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 2013. Following the actuarial valuation, the revised employer contribution rates for Cafcass have been set as follows:

- **2011-12 – 2013-14** 15.2%

In addition a cash contribution of £3.852m is payable in 2013-14. This additional payment is set by the scheme provider for all employers participating in the scheme, to meet any shortfall in the scheme's liabilities, as calculated at the last independent actuarial valuation on 31st March 2010.

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 2012. Full details can be found at www.civilservice-pensions.gov.uk.

For 2012-13, employer's contributions of £0.070m (2011-12: £0.077m) were payable to the PCSPS at one of three rates in the range of 18.80% to 21.80% 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.

Seven employees participated in the PCSPS during 2012-13 (2011-12: 8), and none of these individuals were in a partnership pension account or a stakeholder pension.

6 Other expenditure

		2012-13	2011-12 restated
	Note	£000	£000
Outsourced finance & ITC services		14,404	8,238
*Accommodation costs		8,465	11,009
Travel & subsistence		2,911	3,457
Telecommunications & postage		1,796	2,315
Office supplies, printing & stationery		1,007	1,416
Legal costs		975	1,014
Staff related costs		426	172
Training costs		399	257
Fuel & utilities		350	363
Vehicle costs		230	272
Interpreters & translators		210	235
Recruitment costs		129	312
Impairments	11	113	150
External audit costs		52	52
Internal audit costs		20	145
Movement in bad debt provisions		17	0
**System support costs		2	7
Loss on disposal of property, plant & equipment		0	46
*Other provisions no longer required	15	(466)	(546)
**Other		872	754
Total		31,912	29,668

*£0.164m credit reported as 'Other provisions no longer required' in the 2011-12 Accounts now reported as 'Accommodation costs' in the 2011-12 comparative.

**£0.332m debit reported as 'System support costs' in the 2011-12 Accounts now reported as 'Other' in the 2011-12 comparative.

Both changes have been made for consistency with the 2012-13 reporting structure. The net impact of these changes on 'Total' other expenditure is nil.

7 Income

	2012-13	2011-12
	£000	£000
Training	58	103
Award of court costs	0	0
Other income	1	0
Total income from activities	59	103

8 Property, plant and equipment

	Note	Land & buildings excluding dwellings	Leasehold land, buildings & improvements	Information technology & telecoms	Office equipment	Total
		£000	£000	£000	£000	£000
2012-13						
Cost or valuation						
@ 01/04/12		1,025	521	3,210	44	4,800
Additions		0	0	2	0	2
Transfers from assets classified as held for sale	8.1	125	0	0	0	125
Transfers to assets classified as held for sale	8.1	(65)	0	0	0	(65)
Disposals		(140)	0	(327)	(23)	(490)
Revaluations		5	0	398	1	404
Impairments		(130)	0	0	0	(130)
@ 31/03/13		820	521	3,283	22	4,646
Depreciation						
@ 01/04/12		111	519	2,881	35	3,546
Charged in year		13	0	465	5	483
Transfers from assets classified as held for sale	8.1	15	0	0	0	15
Transfers to assets classified as held for sale	8.1	(9)	0	0	0	(9)
Disposals		(17)	0	(323)	(22)	(362)
Revaluations		0	0	0	0	0
Impairments		(17)	0	0	0	(17)
@ 31/03/13		96	519	3,023	18	3,656
NBV @ 31/03/13		724	2	260	4	990
NBV @ 31/03/12		914	2	329	9	1,254
Asset financing						
Owned		724	2	260	4	990
NBV @ 31/03/13		724	2	260	4	990

8 Property, plant and equipment continued...

	Note	Land & buildings excluding dwellings	Leasehold land, buildings & improvements	Information technology & telecoms	Office equipment	Total
		£000	£000	£000	£000	£000
2011-12						
Cost or valuation						
@ 01/04/11		2,390	882	3,979	43	7,294
Additions		0	0	44	0	44
Assets classified as held for sale	8.1	(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)
@ 31/03/12		1,025	521	3,210	44	4,800
Depreciation						
@ 01/04/11		244	826	3,067	33	4,170
Charged in year		29	16	638	6	689
Assets classified as held for sale	8.1	(138)	0	0	0	(138)
Disposals		0	(323)	(824)	(4)	(1,151)
Revaluations		0	0	0	0	0
Impairments		(24)	0	0	0	(24)
@ 31/03/12		111	519	2,881	35	3,546
NBV @ 31/03/12		914	2	329	9	1,254
NBV @ 31/03/11		2,146	56	912	10	3,124
Asset financing						
Owned		914	2	329	9	1,254
NBV @ 31/03/12		914	2	329	9	1,254

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

Freehold land as at 31st March 2013 was valued at £0.277m (2011-12: £0.337m).

Property assets were independently revalued by the VOA as at 1st April 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. A desktop valuation of all property assets was undertaken by the VOA as at 31st March 2013.

The property values have been provided on the basis of Existing Use Value (EUV), 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 were classified as current assets held for sale in the 2011-12 Accounts, of which seven were sold as at 31st March 2013.

Current assets held for sale have been excluded from the valuation of Cafcass' property, plant and equipment as at 31st March 2013.

Appropriate ONS indices have been applied to other property, plant and equipment for the 2012-13 financial year-end.

8.1 Assets classified as held for sale

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

	Cost	Depreciation	NBV
	£000	£000	£000
2012-13			
@ 01/04/12	1,308	138	1,170
Disposals	(1,183)	(123)	(1,060)
	125	15	110
Transfers to fixed assets for depreciation & revaluation	(125)	(15)	(110)
Transfers from fixed assets after depreciation & revaluation	65	9	56
Total assets classified as held for sale 31/03/13	65	9	56
2011-12			
Property, plant & equipment - land & buildings	1,308	138	1,170
Total assets classified as held for sale 31/03/12	1,308	138	1,170

9 Intangible assets

Intangible assets comprise software, software licenses, and website and intranet costs.

	Information technology	Software licenses	Websites that deliver services	Total
	£000	£000	£000	£000
2012-13				
Cost or valuation				
@ 01/04/12	585	309	78	972
Additions	0	0	0	0
Disposals	(132)	(170)	0	(302)
Revaluations	65	20	11	96
Impairments	0	0	0	0
@ 31/03/13	518	159	89	766
Depreciation				
@ 01/04/12	561	285	78	924
Charged in year	75	36	11	122
Disposals	(132)	(170)	0	(302)
Revaluations	0	0	0	0
Impairments	0	0	0	0
@ 31/03/13	504	151	89	744
NBV @ 31/03/13	14	8	0	22
NBV @ 31/03/12	24	24	0	48
2011-12				
Cost or valuation				
@ 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	585	309	78	972
Depreciation				
@ 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	561	285	78	924
NBV @ 31/03/12	24	24	0	48
NBV @ 31/03/11	57	90	20	167

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

10 Financial instruments

As the cash requirements of Cafcass is 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 relates to contracts to buy non-financial items in line with expected purchase and usage requirements, and 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 2013.

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	Net impact of impairments in Comprehensive Net Expenditure
	£000	£000	£000
2012-13			
Land & buildings	130	17	113
IT & telecoms	0	0	0
Intangible assets	0	0	0
	130	17	113
2011-12			
Land & buildings	174	24	150
IT & telecoms	0	0	0
Intangible assets	0	0	0
	174	24	150

12 Trade receivables and other current assets

	2012-13	2011-12
	£000	£000
Amounts falling due within one year		
*Other receivables	842	1,733
Provision for bad debts	(78)	(13)
Prepayments	1,701	2,016
Travel advances	3	4
	2,468	3,740
Amounts falling due after more than one year		
Deposits and advances	12	12
	12	12
Analysis of balances by counterparty		
*Balances with Central Government bodies	688	1,567
Balances with Local Authorities	777	954
Balances with NHS Trusts	0	2
Balances with bodies external to Government	1,015	1,229
	2,480	3,752

*2011-12 balances include outstanding Contact Service funding and Contact Activity recharges.



13 Cash and cash equivalents

	Cash	Bank	Total
	£000	£000	£000
2012-13			
Balance at 1st April 2012	15	1,537	1,552
Net change in cash & cash equivalent balance	(2)	(245)	(247)
Balance at 31st March 2013	13	1,292	1,305
The following balances at 31st March 2013 were held at:			
Government Banking Service & cash in hand	13	1,292	1,305
Balance at 31st March 2013	13	1,292	1,305
*2011-12			
Balance at 1st April 2011	18	15,785	15,803
Net change in cash & cash equivalent balance	(3)	(14,248)	(14,251)
Balance at 31st March 2012	15	1,537	1,552
The following balances at 31st March 2012 were held at:			
Government Banking Service & cash in hand	15	1,537	1,552
Balance at 31st March 2012	15	1,537	1,552

*Cash balances at 1st April 2011 include £13.190m due to the early receipt of April 2011 Grant-In-Aid funding in March 2011.

14 Trade payables and other current liabilities

	2012-13	2011-12
	£000	£000
Amounts falling due within one year		
Taxation & social security	1,756	2,716
Trade payables	2,724	2,574
Other payables	37	55
Accruals & deferred income	11,021	8,675
Annual leave accrual	326	665
	15,864	14,685
Analysis of balances by counterparty		
Balances with Central Government bodies	2,448	2,843
Balances with Local Authorities	96	95
Balances with Public Corporations	167	1,012
Balances with bodies external to Government	13,153	10,735
	15,864	14,685



15 Provisions for liabilities and charges

	Employment claims	Other claims	Onerous contracts	Dilapidations	Total
	£000	£000	£000	£000	£000
2012-13					
Balance at 1st April 2012	412	0	0	3,843	4,255
Provided in the year	425	139	0	213	777
Provisions not required written back	(189)	0	0	(277)	(466)
Provisions reclassified as accruals	0	0	0	(38)	(38)
Provisions utilised in the year	(210)	0	0	(212)	(422)
Balance at 31st March 2013	438	139	0	3,529	4,106
Analysis of expected timing of discounted flows					
Not later than one year	438	139	0	2,149	2,726
Later than one year & not later than five years	0	0	0	1,167	1,167
Later than five years	0	0	0	213	213
	438	139	0	3,529	4,106
2011-12					
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	412	0	0	3,843	4,255
Analysis of expected timing of discounted flows					
Not later than one year	412	0	0	2,167	2,579
Later than one year & not later than five years	0	0	0	1,302	1,302
Later than five years	0	0	0	374	374
	412	0	0	3,843	4,255



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 whilst premises are in active use, and to accrue for these liabilities once settlement has been agreed.

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 realisation of dilapidation costs, in particular where a large number of lease agreements entered in to when Cafcass was formed coming – or have come – to their ten year review/expiry terms.

16 Capital commitments

There were no material contracted capital commitments as at 31st March 2013.



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.

	2012-13	2011-12
	£000	£000
Obligations under operating leases comprise:		
Land		
Not later than one year	0	0
Later than one year & not later than five years	0	0
Later than five years	0	0
	0	0
Buildings		
Not later than one year	3,199	3,716
Later than one year & not later than five years	4,420	5,852
Later than five years	327	1,083
	7,946	10,651
Other		
Not later than one year	145	220
Later than one year & not later than five years	113	162
Later than five years	0	0
	258	382

Finance leases

There were no finance leases as at 31st March 2013.

18 Other financial commitments

	2012-13	2011-12
	£000	£000
Not later than one year	7,824	7,640
Later than one year & not later than five years	21,517	28,651
Later than five years	0	0
	29,341	36,291

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. The Department as such is regarded as a related party. During 2012-13, Cafcass had various material transactions with the Department, including the receipt of £124.798m grant funding from the Department (2011-12: £118.156m). Transactions with the Department not related to Grant-in-Aid or other funding totalled £0.691m (2011-12: £0.570m), which relates to rental charges as at 31st March 2013.

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

All payments made to senior managerial staff are disclosed in the Remuneration Report.

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 2013 by Anthony Douglas CBE (Chief Executive and Accounting Officer).

21 Self-employed contractors

In 2012-13 we contracted the services of 162 self-employed contractors (2011-12: 190), of which amounts paid amounted to £3.444m in the year (2011-12: £3.842m).

As self-employed contractors, they are ordinarily 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 £7.615m in the year (2011-12: £10.806m).

22 Partnership costs

Partnership costs of £3.040m (2011-12: £2.891m) 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 2012-13 Cafcass received additional funding of £2.540m from the Department (2011-12: £2.450m).



23 Pension liabilities

WYPF's actuary, Hewitt Associates Limited, carried out an IAS19 valuation for Cafcass as at 31st March 2013.

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:		
	2013	2012
	£000	£000
Present value of funded obligations	(505,406)	(435,173)
Fair value of plan assets	334,638	287,206
Net liability	(170,768)	(147,967)

The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:		
	2013	2012
	£000	£000
Current service cost	10,514	10,636
Employer's contribution	(11,873)	(11,483)
Past service cost	49	662
Service cost	(1,310)	(185)
Interest on obligation	20,531	20,468
Expected return on plan assets	(20,189)	(21,166)
Finance cost	342	(698)
Gain recognised in the Statement of Comprehensive Net Expenditure	(968)	(883)

Changes in the present value of the defined benefit obligation are as follows:		
	2013	2012
	£000	£000
Opening defined benefit obligation	435,173	406,741
Current service cost	10,514	10,636
Interest on obligation	20,531	20,468
Member contributions	3,651	3,946
Past service cost	49	662
Actuarial loss	46,341	2,649
Benefits/transfers paid	(10,853)	(9,929)
Closing defined benefit obligation	505,406	435,173

Changes in the fair value of plan assets are as follows:			
	2013		2012
	£000		£000
Opening fair value of plan assets	287,206		276,192
Expected return	20,189		21,166
Actuarial gain/(loss)	22,572		(15,652)
Contributions by employer	11,873		11,483
Member contributions	3,651		3,946
Benefits/transfers paid	(10,853)		(9,929)
	334,638		287,206

The major categories of plan assets and expected return as a percentage of total plan assets are as follows:				
	2012-13	2012-13	2011-12	2011-12
	Expected return	Asset split	Expected return	Asset split
Equities	7.8%	70.9%	8.1%	70.1%
Property	7.3%	3.3%	7.6%	3.8%
Government bonds	2.8%	12.4%	3.1%	13.5%
Corporate bonds	3.8%	6.0%	3.7%	5.2%
Cash	0.9%	2.9%	1.8%	1.9%
Other	7.8%	4.5%	8.1%	5.5%

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.

	2012-13	2011-12	2010-11	2009-10	2008-09
	£000	£000	£000	£000	£000
Defined benefit obligation	(505,406)	(435,173)	(406,741)	(430,526)	(275,194)
Plan assets	334,638	287,206	276,192	227,611	162,879
Deficit	(170,768)	(147,967)	(130,549)	(202,915)	(112,315)
Experience gain/(loss) on liabilities	395	(2,124)	(6,711)	1,276	39,405
Experience gain/(loss) on assets	22,572	(15,652)	20,673	45,884	(53,167)



Actual return on assets:		
	2012-13	2011-12
	£000	£000
Expected return on assets	20,189	21,166
Actuarial gain/(loss) on assets	22,572	(15,652)
	42,761	5,514

The major financial assumptions used in the valuation were:		
	2012-13	2011-12
Rate of inflation	2.70%	2.50%
Expected return on plan assets	6.70%	7.10%
Rate of increase in salaries	3.60%	3.50%
Rate of increase in pensions	2.70%	2.50%
Nominal discount rate	4.30%	4.70%

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:					
	2012-13	2011-12	2010-11	2009-10	2008-09
	£000	£000	£000	£000	£000
Difference between the expected and actual return on scheme assets	22,572	(15,652)	20,673	45,884	(53,167)
Percentage of scheme assets	7%	5%	7%	20%	(33%)
Experience gains and losses on scheme liabilities	(46,341)	(2,649)	17,421	(128,483)	39,405
Percentage of present value of the scheme liabilities	9%	1%	4%	(30%)	14%
Changes in assumption	0	0	0	0	0
Total amount recognised in Other Comprehensive Expenditure	(23,769)	(18,301)	38,094	(82,599)	(13,762)
Percentage of present value of the scheme liabilities	(5%)	(4%)	9%	(19%)	5%



Impact of changes to the revised IAS19 on the 2013-14 Accounts

The IASB has issued revisions to IAS19 which are not yet effective, and which will be implemented in the 2013-14 Accounts. The expected impact is as follows:

		IAS19	IAS19 revised	Increase to cost
		£000	£000	£000
1	Net finance cost	342	6,598	(6,256)
2	In year service cost	(1,310)	(762)	(548)
3	Impact on Statement of Comprehensive Net Expenditure	(968)	5,836	(6,804)

Table notes:	
1	The change in the finance cost is due to change in the assumption used to calculate the expected return. Under the current IAS19, expected rate of return is calculated using the actual plan assets held.
2	The in year service cost under the revised IAS19 will include the finance cost or interest that relates to the pension service.
3	The net impact above will result in an increase to cost of £6.804m in the 2013-14 Accounts.

24 Contingent liabilities

There were no qualifying contingent liabilities as at 31st March 2013.

25 Contingent assets

Fujitsu have also committed to providing Cafcass with £0.382m of additional service development work in 2012-13, for which Cafcass will not be charged.

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

26 Losses and special payments

There were £0.174m of losses and special payments paid as at 31st March 2013. These payments were made in accordance with HM Treasury guidance.

General contact details

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