



Cafcass Annual Report and Accounts 2010-11

Children and Family Court Advisory and Support Service

An executive non-departmental public body

HC 1198
Price £16.25

Children and Family Court Advisory and Support Service Annual Report and Accounts 2010-11

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.

Ordered by the House of Commons to be printed on 13th July 2011.

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ISBN: 9780102971491

Printed in the UK by The Stationery Office Limited on behalf of the Controller of Her Majesty's Stationery Office

ID P002425463

07/11

Printed on paper containing 75% recycled fibre content minimum

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Overview by the Chair



Cafcass is the voice of children in the family courts, dealing with some of the most complex family conflict situations in England. During this year we have had influence in the lives of 147,000 children and young people where our practitioners made difficult assessments between a range of options and expectations. Not everyone can be satisfied but Cafcass must at all times keep its focus on the needs of children. The work is challenging and the pressures huge and I pay tribute to the staff whose care, skills and concern make a difference to individual children across the country.

The continuing improvement for the organisation during this year has been reflected in more positive Ofsted reports and in our key performance indicators, two of the most visible ways that our progress is measured and validated. That means we've vastly reduced backlogs of cases awaiting hearings, allocated cases and submitted more timely reports so that children wait less for the outcome of hearings. In addition, our administration is more streamlined and our finances on track, as evidenced within this report.

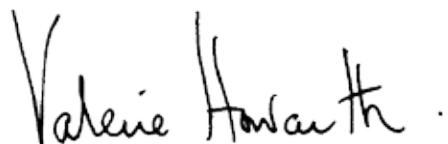
In taking a strategic overview of our work, concentrating on our finances and thinking of future policy options, the Board must always have at the heart of its deliberations the concern for each child who comes into contact with our services.

Externally, the Board has played a full part in contributing to the work of the Family Justice Review and has welcomed the direction of travel of its interim report in March 2011. This placed a high value on our court social work, recognising the central role that we would play in any proposed new system in making sure that children's interests, safety and welfare are consistently prioritised.

We have also worked hard this year with our key stakeholders – the judiciary, local authorities, our partners in central government and our trade unions, to promote the greatest possible understanding of our work. We have been extremely fortunate in having the strong support of our sponsorship department, the Department for Education. Building and maintaining strong, working relationships with these partners and those in the voluntary sector is essential to providing the best possible service to children.

Members of our Young People's Board have continued to make an impressive contribution to Cafcass, commenting on developing policies and attending the full Board meetings. They bring direct experience and freshness to our thinking.

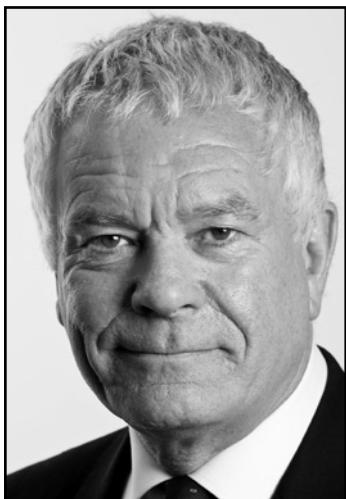
Finally, I pay tribute to Anthony Douglas and his executive team. They are tireless in their efforts to build a caring and efficient organisation in times of extraordinary change and challenge. Anthony and I are both proud of our social work backgrounds and strive to promote the values of our profession. We will continue to work to improve practice standards and I will personally continue to raise the plight of children in need, in Parliament and wider society.

A handwritten signature in black ink, appearing to read "Valerie Howarth".

Baroness Howarth of Breckland OBE

Chief Executive's Report

An organisation in balance



This year we helped 147,000 children. Many of them were highly vulnerable, living in challenging situations with no easy solutions. Our closely defined legal role is to understand these situations and to recommend to a court what can be done to improve these children's lives.

Often, all of us serving the family courts have to concentrate on the short-term issues of immediate safety and the court application we are considering. However, court applications are usually made at pivotal points in children's lives, so we need to see each recommendation to court we make as potentially having a life-long impact.

Our professional task remains a challenging one; to assess as quickly as we can but to assess well, leaving out no crucial factor. With average caseloads having risen this year and with public law care demand continuing to rise, our professional task needs intensive support every day, in every team in the country.

In every month this year bar June and December, care applications were at a record level for the specific individual month. So it is a matter of collective pride that we have reduced our unallocated care cases from 474 in March 2010 to three in March 2011; and our reliance on duty allocations from 991 cases in March 2010 to 223 at the end of the year, a 77% reduction. We have also maintained an impressive throughput of private law cases, and had met agreed filing times in more than 97% of cases by March 2011.

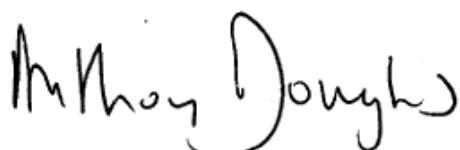
We facilitated the increase in Parenting Information Programmes from under 1,000 last year to more than 13,000 this year. Our budget is in balance, which augers well for even tougher years ahead, given the public expenditure reductions we are making, in common with all other organisations with whom we work.

The Government supported us with one-off funding of £10 million for a Transformation Programme and we have increased productivity as a direct result by 12%¹ during the year. We have also reduced back office expenditure in line with Government expectations, so that a greater percentage of our total resource is spent on frontline practitioners, and on their supervision and business support.

I would like to thank the Cafcass Board for all its hard work this year. Chaired so ably by Baroness Valerie Howarth, the Board has made significant contributions to our work, both internally and externally. I include the Board Practice Committee and Child Protection Committee and thank them for the added assurance they provide. The Board has continued to be our greatest champion and our greatest critic, which is the right balance. It is a passionate sounding board for the organisation, providing an experienced critical gaze and always with the children and families we serve at the heart of its concerns. I include in my thanks the Cafcass Young People's Board, more than 20 children and young people who have helped us to become a more child-focussed organisation in all manner of ways.

Nothing can be achieved without our staff and the contractors who work for us. Their hard work and resilience under pressure lies at the heart of our achievements. Where we still have gaps, we will continue to work hard to fill them, bonded by our common values. I commend my staff for the way they have dealt with change this year and embraced new ways of working, whilst retaining the essence of our approach to social work with children and families.

We end the year with cautious optimism that despite the pressure I have described, which will continue, we are now clear about what we can do within our available resources.

A handwritten signature in black ink, appearing to read "Anthony Douglas".

Anthony Douglas CBE

¹ The calculation of productivity compares the level of unallocated work at the end of each month this year, with that at the start of April 2010. In particular it calculates the additional level of resource that would have been required to be put in place to enable the unallocated work to be cleared under previous working arrangements, as a percentage of the current resource. The absorption of an increased level of work without a permanent increase in resources indicates productivity has improved.

Section 1 Management Commentary

About Cafcass

The Children and Family Court Advisory and Support Service (Cafcass) is an executive non-departmental public body established on 1st April 2001². Cafcass' statutory responsibility in England is to safeguard and promote the welfare of children³ who are involved in family court proceedings. We do this by ensuring children's wishes and feelings are made known to the courts and help to make sure that the decisions made about them are in their best interests.

We are a non-departmental public body accountable to the Secretary of State in the Department for Education (the Department). We work to support the delivery of the Department's strategic objectives and to contribute to wider Government objectives relating to children. Our primary duties, as set out in the Act⁴ in respect of family proceedings where the welfare of children is or may be in question, are to:

- Safeguard and promote the welfare of children
- Give advice to the family courts
- Make provision for children to be represented
- Provide information, advice and support to children and their families.

Cafcass' professionally qualified social work staff, called Family Court Advisers (FCAs)⁵, work exclusively in the family courts. Examples of proceedings where Cafcass will be involved include:

- When children are subjects of an application for care or supervision orders by children's services departments 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 FCA's role 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.
- 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 Guardian for the child.
- 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 the child becomes separately represented (Rule 9.5); the FCA will report to court on the welfare of the child and act as Guardian ad Litem.⁶

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

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

4 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.

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

6 Under the Family Procedure Rules 2010, which come into force on 6th April 2011, those cases previously known as Rule 9.5 appointments will be known as Rule 16.4 appointments. The new Rules also replace the terms 'Guardian ad Litem' and 'Next Friend' with the single term 'Children's Guardian' for all children who are the subjects of proceedings.

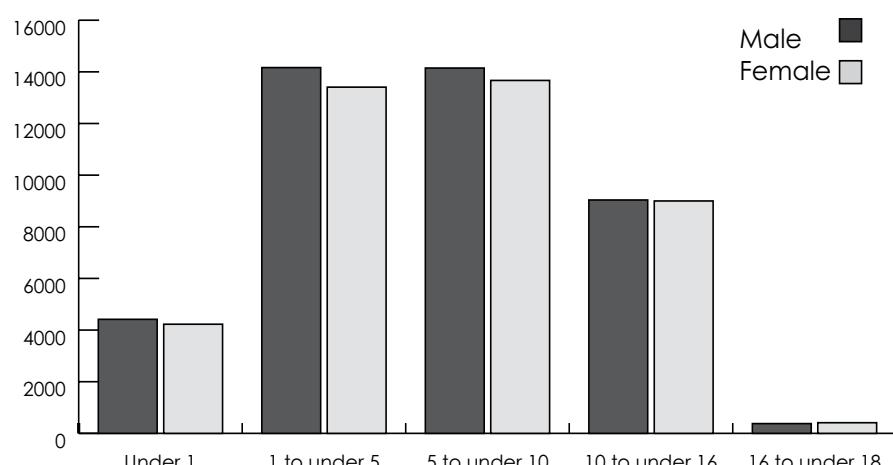
About our service in 2010-11

Our service users

In 2010-11, we worked with 146,999 children and young people across England. Of these, 82,860 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 2010-11, and those whose cases were closed during the year.

Of the children referred to us in new cases, 42,145 were boys and young men (50.9%); 40,715 girls and young women (49.1%). As the figure below shows, and in keeping with trends from previous years, most of the children we work with are ten years old and under.

Figure 1: Children in new cases; age and gender profile 2010-11



The external environment

Whilst demand in private law cases fell marginally by 1.6% compared to last year's figures, demand in relation to new local authority care applications⁷, which require greater resources than our other cases, remained at record levels in 2010-11.

During the year we were subject to scrutiny of our performance by the National Audit Office, which looked at our response to the record care case increases and resulting pressures following the Baby Peter case in November 2008. This was followed by a critical Public Accounts Committee (PAC) report. We have worked very hard to respond to the issues raised by the PAC report, and by the end of the year had improved on every measure it identified as being of concern.

⁷ This is when children are subject to an application for care or supervision proceedings by children's services departments in local authorities. Our role in these cases is to promote the child's welfare and to scrutinise and ensure that the local authority's plan is in the child's best interest.

Since then, the Family Justice Review panel has published its interim report on the family justice system, in which it recommends our incorporation into a new, integrated Family Justice Service, linking in with the courts service and legal aid, to provide a better service to children – something we advocated in our submission⁸ to the panel.

The Government will come to its conclusions about the future of Cafcass in light of the panel's final report due in autumn this year. In the meantime, our focus will be to continue to provide a service to the children referred to us and to work closely with our partners to prepare the way for any changes and subsequent implementation.

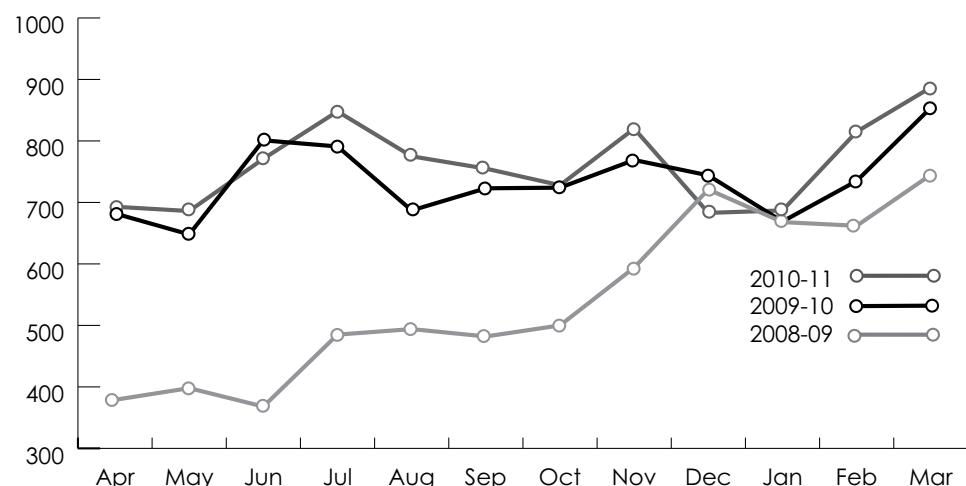
Public law

Overall, total public law demand remained static with 11,986 new cases compared to 12,047 in 2009-10.

Most of our public law work involves local authority care applications. We experienced a 3.6% increase overall in these applications with 9,147 cases up from 8,827 in 2009-10, which itself saw a 36% increase on applications we received in 2008-09. Our 'non-care' stock of public law work reduced during the year from 2,493 cases in April 2010⁹ to 2,141 in March 2011.

The new care cases, combined with those already before the courts, brought our care workload to 12,792 cases at the end of March 2011 compared to 11,983 in March 2010.

Figure 2: Public law care demand



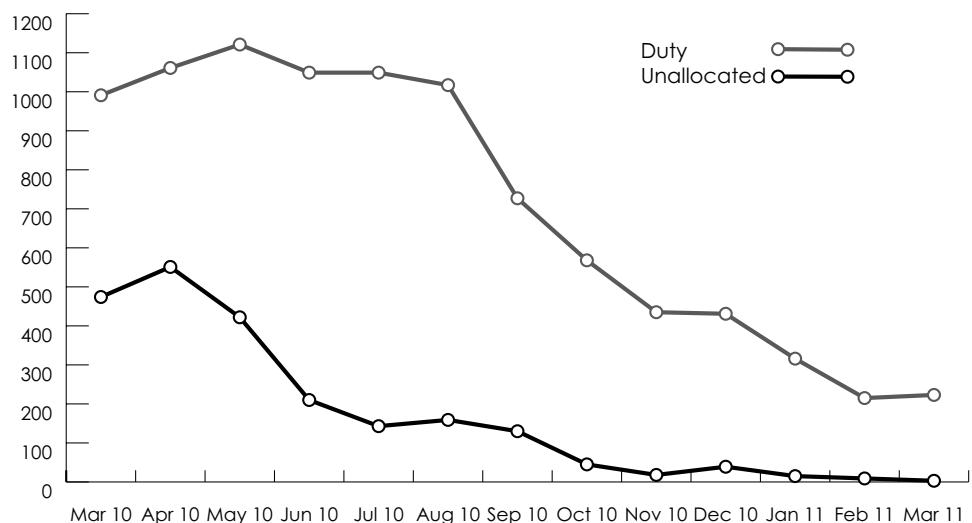
8 To view Cafcass' submission to the Family Justice Review see www.cafcass.gov.uk/pdf/Cafcass%20FJR%20submission%2004.10.10.pdf

9 Cafcass only began recording care stock and non-care stock statistics separately from April 2010.

Every month this year bar June and December we received the highest number of care applications for that individual month since we began collecting this data in October 2001.

March 2011 was the highest figure ever recorded for a single month with 887 applications.

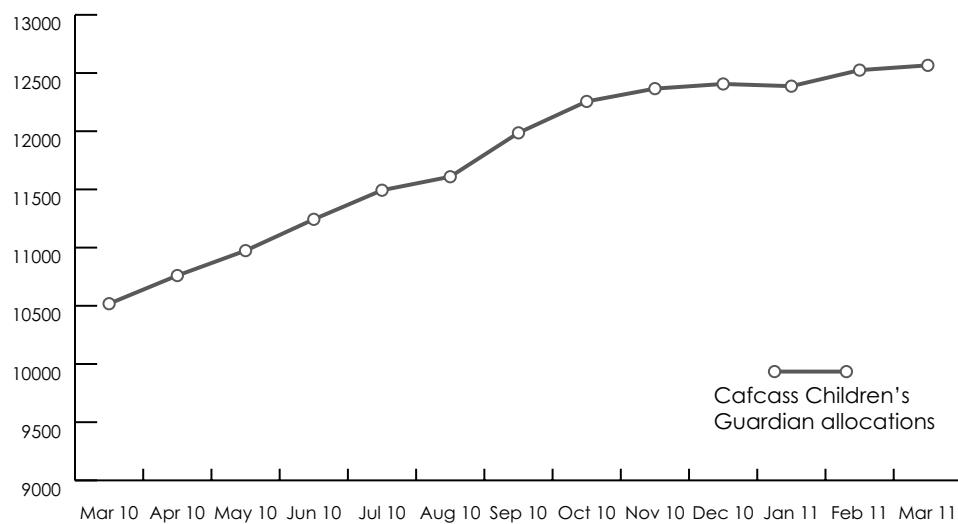
Figure 3: Care duty allocated and unallocated workload



By the end of the year we had all but eliminated our unallocated care backlogs with only three unallocated cases compared to 474 in March 2010. Our reliance on duty allocations fell by 77% from 991 in March 2010 to 223 at the end of the year, in large part due to the impact of our Transformation Programme (refer page 16). From April 2011 we aim to cease operating duty advice schemes, with all cases allocated to individual FCAs on receipt, unless exceptional local circumstances prevent this.

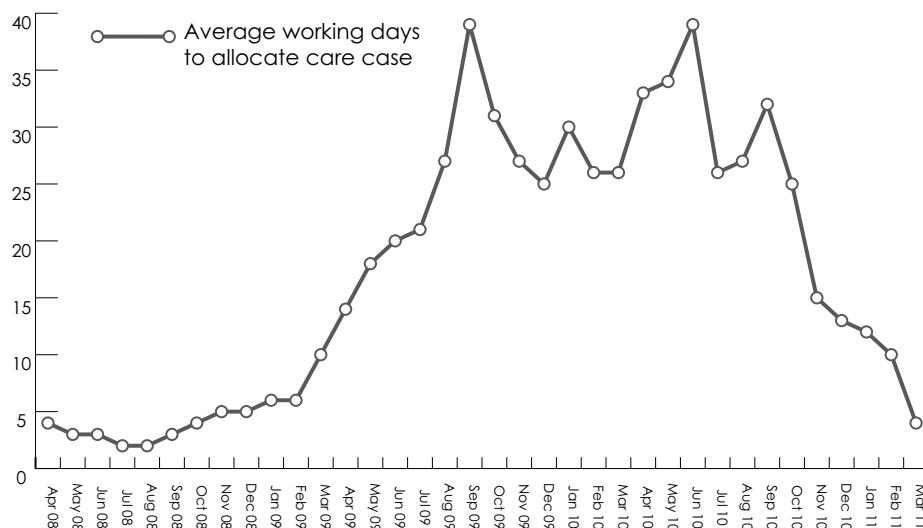
Figure 4 overleaf shows a 'snapshot' of cases allocated to a Children's Guardian at the end of each month throughout 2010-11. It illustrates the impact we have made through our proportionate ways of working with 2,048 more cases allocated to a Children's Guardian in March 2011 than in March 2010.

Figure 4: Cases allocated to a Cafcass Children's Guardian



As illustrated by the graph below, by March 2011 we had significantly improved the timeliness with which care cases were allocated, with the average period between receipt of the case by Cafcass and first full allocation to a Children's Guardian averaging four working days. This is despite the growing stock of care cases in the system.

Figure 5: Average days to allocate care case to a Children's Guardian



The continuing rise in the stock of care cases before the courts and the implications of that for workloads and our ability to allocate and complete all work effectively, in addition to adjusting to a base budget of £128 million in 2011-12, are continuing risks for our organisation.

Helping children in cases of family breakdown

This year we received 43,759 new private law cases compared to 44,471 in 2009-10, a slight decrease (1.6%) on last year's record numbers. These cases are usually applications by separating parents about the future care of their children.

Figure 6: Private law case demand

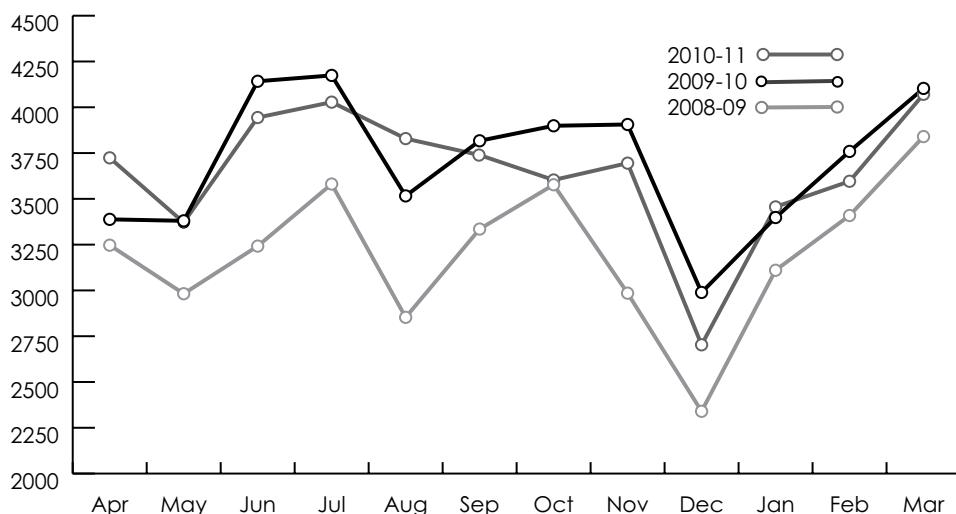
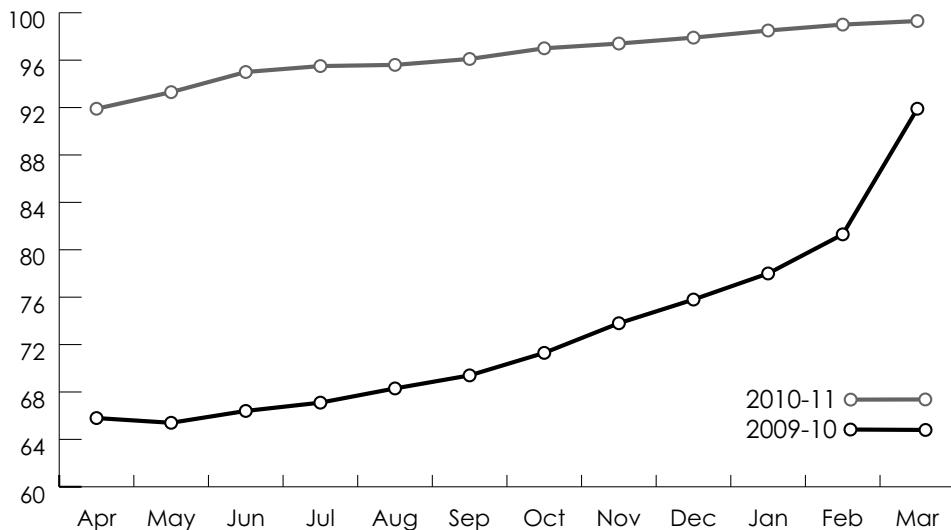


Figure 7: KPI 2 – Percentage of private law allocated workload



This graph illustrates the percentage of private law cases allocated¹⁰ to Cafcass practitioners, taken as a 'snapshot' at the end of every month this year. As the graph shows, the percentage of cases allocated is significantly higher than during 2009-10.

Concurrently, the number of unallocated private law cases fell by 91.7%, from 2,180 in March 2010 to 182 in March 2011.

¹⁰ Allocated is defined as either a case 'substantively' allocated to a named Cafcass practitioner or case allocated on a 'duty' basis to a named Cafcass practitioner.

Other types of work

Cafcass is also involved in other types of cases:

- New Rule 9.5 appointments rose from 1,293 last year to 1,449 in 2010-11.
- Placement Order applications rose from 1,515 in 2009-10 to 1,972 in 2010-11.
- The number of Special Guardianship applications in which Cafcass was involved rose from 504 in 2009-10 to 543 in 2010-11.
- Adoption applications involving Cafcass fell from 1,111 in 2009-10 to 984 in 2010-11.
- The instances of Cafcass witnessing consent in respect of relinquished babies and children, pre-court, for adoption or placement fell from 171 in 2009-10 to 136 in 2010-11.
- The number of Family Assistance Orders rose from 394 in 2009-10 to 528 in 2010-11.

Transforming our services – the Cafcass Transformation Programme

To allow us to keep on top of demand and tackle backlogs which had built up across the country throughout 2009-10, we received £10 million one-off funding from the Department this year for our Transformation Programme. This has helped us to manage the increases in demand and provide a timely service to all children.

Reducing backlogs and sustaining improved performance

As part of the Transformation Programme funding was made available to all service areas to help clear backlogs and prevent them building up again, by developing proportionate ways of working. All but one service area bid for funding which was used to:

- Fund the time-limited use of agency FCAs to work through the backlog.
- Develop proportionate ways of working in which cases are screened for risk and prioritised accordingly, with practitioners providing crucial early input into the case and intervening at key points thereafter.
- Work with our partner agencies, particularly the courts, to speed up the throughput of cases while maintaining the quality of services.
- Fund a pilot project in Coventry and Warwickshire with the local authority to consider if, prior to issuing care proceedings, Cafcass' pre-proceedings involvement could help to ensure the right cases come to court and that delay is minimised.

In private law, the additional resource and the implementation of the Private Law Programme, which provides guidance on the management of private law cases, were crucial in tackling backlogs and resulted in:

- An increase in the number of shorter reports ordered with fewer 'multiple issue' reports, reflecting the fact that more information is now available for courts to make decisions at the first hearing.

- The timeliness of filing reports to the courts improving with 98.9%¹¹ filed on time with courts in March; a further 0.8% filed one to five days late thereby allowing the court hearing to go ahead as planned, without delay – see KPI 7, page 33.
- First hearings taking place, on average, 5.5 weeks after court applications are made in March 2011, rather than 6.7 weeks in March 2010.
- National case closure levels running in line with the number of new incoming cases. A total of 43,033 cases were closed against the 43,759 new, incoming cases.
- An increase in take-up of Parenting Information Programmes (PIPs). See page 19 for more details.

Clarity about the way we work

As part of this year's Transformation Programme our new proportionate ways of working were set out in a draft Operating Manual which was developed in conjunction and consultation with our staff. The final version will be launched in 2011-12. The Manual:

- Sets out how we will continue to provide a service to every child referred to us.
- Consolidates changes made over the last five years e.g. our preference for practitioner continuity and allocation of all cases at an early stage.
- Reduces bureaucracy by streamlining and organising our policies in one place.
- Sets out our vision for a 'high trust' organisation in which there is greater emphasis on self-efficacy and self-regulation.

The Cafcass Intake Team

This year through the Transformation Programme we established the Cafcass Intake Team (CIT) in the National Business Centre (NBC) in Coventry. All private law applications (C100s) from every court in England, about 3,500 each month, are now processed by this centralised team of about 60 staff. Its impact has been:

- Faster and more efficient processing, with applications processed in 30 minutes compared to up to two and half hours in local offices.
- FCAs on site screening applications for safeguarding issues.
- Three police staff seconded to the centre as part of a pilot project, to carry out Police National Computer checks. All results are returned to us within two working days and sometimes within five hours – a much faster turnaround than when liaising with individual police forces.

The NBC now also houses our Human Resources transactional team, the Central area complaints team and the Coventry and Northamptonshire teams. In 2011-12 we hope to expand the services provided through the NBC including a centralised mail system whereby all incoming post will be sent to this site, scanned and then sent to the addressee immediately.

¹¹ This figure is calculated by combining the four types of section 7 report which make up KPI 7.

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

This year's Transformation Programme also focused on improving the tools and systems that support frontline practice. This included the development of an electronic case file, in consultation with staff. Integrating this with our existing Case Management System was held back by technical problems which delayed roll-out until 2011-12.

We also:

- Surveyed all staff on their IT 'literacy' needs to target training to those who need it.
- Installed 75 'Multi-Functional Devices' in Cafcass offices. These machines are able to photocopy, scan and print and support electronic transactions, including the electronic case file.
- Installed a new telephone system called Voice-over-Internet Protocol (VoIP), allowing phone calls to be made over our existing IT network. As well as saving money, VoIP makes 'hot-desking' and working in any Cafcass office easier by allowing staff to log-in to their own phone number from any phone in the organisation and receive their calls and messages.
- Put in place 80 wireless hotspots in the busiest family courts to enable our staff to connect quickly and easily to the Cafcass network while in court.
- Closed our service user portal in order to make efficiency savings. The peer mentoring service provided by our Young People's Board (see page 21) has been replaced by an email service for children which is run by the Cafcass Intake Team.
- Developed a new Human Resources (HR) IT system, due in the autumn of 2011. All HR transactions will move online, with current paper processes, such as printed payslips, phased out and replaced with an electronic payslip, saving on postage and printing costs. It will also allow staff to view and update their personal details and book leave online. Overall, the new system is designed to save Cafcass £200,000 annually.
- Ceased work on ContactPoint this year following the Government's decision to decommission the database.

Transforming our estate

This year, in line with Government policy and the need to make savings, we have reduced our estate from 94 offices to 75. A further four were refurbished to make them fit for purpose, more child-friendly and to make better use of space. To some extent our estates strategy has been dictated by external factors, including the need to reuse vacant Government buildings and practical factors such as long-term leases expiring. Where offices have closed we have sought to retain the ability to see service users in the local area through the use of children's centres and voluntary organisations' facilities as well as, where possible, retaining 'drop-in' facilities. All new offices are compliant with the Disability Discrimination Act.

In year we consolidated a number of service areas¹² resulting in the following changes: In the North service area N4 was divided between N2 and N6; Cumbria moved to N1 and Lancashire is now C8. In the Central area, C2 was divided with Hertfordshire and Bedfordshire becoming a part of C6 and Lincolnshire and Cambridgeshire incorporated into C5; Leicestershire joined C1. In the South, Dorset joined S7. See page 34 for the Cafcass service area map as at 31st March 2011.

Attendance at PIPs increases 13-fold

More than 13,000¹³ parents attended Parenting Information Programmes (PIP) this year compared to fewer than 1,000 in 2009-10. The programmes are designed to improve parents' awareness of the potential impact their dispute has on their children, and to improve their relationship with each other to reach amicable agreements about their children's future care, without the continued involvement of the courts. In 2010-11 there were 102 providers delivering the programmes, with coverage across England good in most areas.

Cafcass has managed the provision of £2.457 million worth of PIPs, and £0.237 million of Domestic Violence Perpetrator Programmes (DVPP) this year.

Contracts with external providers

In addition we commissioned £2.400 million worth of services and grants to external providers to help families to improve their relationships following separation or divorce. This included supporting supervised contact between children and their families. There is now a network of these providers across the country working with local teams to provide the required services. This year there were 1,824 referrals of families to this service with more than 20,000 hours of contact time. Cafcass also worked with the supported contact sector, in collaboration with the National Association of Child Contact Centres. We provided financial support to 196 centres this year.

Ofsted inspections

This year Ofsted conducted three short-format inspections and four post-inspection monitoring visits. From the autumn these inspections became 'unannounced' to lessen the inspection burden.

The results of inspections this year have generally been encouraging. Inspectors noted the improving quality of our work with inspections in N1 (North and South of Tyne) and C1 (Derbyshire and Nottinghamshire) rating our services as 'good' – our most positive results ever. Progress in a third service area, C7 (Cheshire and Merseyside) was also rated 'good' in its post-inspection monitoring visit with some 'outstanding' elements.

¹² Cafcass has 19 service areas (as of the end of March 2011) across England. Each service area has been assigned a code to indicate whether it is located in the North, South or Central Operational Area. Please see the map on page 34 for more information.

¹³ The number of parents who attended a PIP was 13,178.

Post-inspection monitoring visits in S3 (Greater London), C4 (Staffordshire, Shropshire, Herefordshire and Worcestershire), N3 (Lancashire and Cumbria) all found 'satisfactory' progress.

However, in S4 (Kent) weaknesses in the quality of our private law casework led to an 'inadequate' rating, although Ofsted did acknowledge the dramatic reduction in delays and backlogs in all work. A post-inspection monitoring visit of N4 (North Yorkshire and Humberside – now incorporated into N2 and N6 – see page 34) also found 'inadequate' progress. Both areas are now subject to intensive remedial programmes to deliver rapid improvement.

Complaints

We introduced a new complaints procedure from July 2010 to deal more quickly with complaints from our service users. We now aim to respond to complaints within ten working days of receipt, compared to the previous timescale of 20 days. The revised process also more clearly defines which matters we are able to investigate as a 'complaint'.

- We received 1,036 new complaints this year. Of these, 290 complaints were received between April and June 2010 and processed according to the old procedure whilst the remaining 746 complaints were received from July 2010 onwards.
- We responded to 650 complaints received from July 2010 onwards, with 52.2% (339) responded to within ten working days – the average was 17 working days.
- We closed 1,254 complaints. Of these, 612 were old and 642 were new complaints.
- At the end of March 2011, Cafcass had 104 complaints open and ongoing, of which 18 were received prior to July 2010 and were being processed under the old policy.
- Complaints were received in 1.9% of all new cases that Cafcass began work on in 2010-11. Complaints made about our private law work accounted for 92% (957) of complaints with 7% (73) of complaints relating to our public law work. The remaining 1% (6) complaints were not in relation to a particular type of case.
- We received more complaints from fathers than mothers, with fathers accounting for 52%; mothers 43%; grandparents and other relatives 3%; and children and young people 2%.

Outcomes of complaints 2010-11

Of the complaints concluded during 2010-11:

- 41% were not upheld by Cafcass.
- 48% of complaints were either upheld in full or contained more than one issue, in which some aspects of the complaints were upheld and some were not (recorded as partially upheld).
- 8% were withdrawn at the request of the person making the original complaint, without being either upheld or not upheld.
- 3% of complaints were referred to Cafcass' internal processes e.g. Human Resources, for further follow-up.

We have also continued to address 'legacy' complaints this year made under the previous complaints procedure. As a result of our focus on absorbing record numbers of new cases not all of these complaints were given the priority they should have been. Of the eight complaints referred by service users via a Member of Parliament to the Parliamentary and Health Service Ombudsman, that were the subject of statutory investigations, one was partly upheld, one was not upheld and six were found to have elements which led to a finding of maladministration.

We are making sure that the lessons learned are put into practice when we respond to new complaints. The Chief Executive is personally overseeing current complaints in our three Operational Areas. The effective and efficient handling of complaints is now also a top priority for our local Service Managers and Heads of Service.

Young People's Board

Our Young People's Board (YPB) has continued to advise us on the service that we provide to children and their families. In particular, this year they have carried out a programme of 'Mystery Shopping' to gauge how well we respond to enquiries from service users who contact us by phone. The YPB, along with former adult service users, carried out a series of calls and fed learning points back to the organisation for action. The YPB continues to send representatives to attend full Board meetings and this year provided a response to the Family Justice Review and a number of other Government consultations. Members of the YPB were also commissioned by local service areas in a variety of ways, helping with recruitment and training programmes.

Our workforce

Cafcass employed 1,731¹⁴ staff this year; 91.5% of whom are frontline staff¹⁵ consisting of:

- 61% Family Court Advisers
- 4.5% Family Support Workers – working directly with children in private law cases
- 9% Frontline Managers – supervising up to 13 practitioners
- 17% Frontline Administration Support.

The remaining 8.5% are specialist staff including: Human Resources (HR); Finance; Legal Services; Policy; Governance; Management Information; IT and Communications. In year, several of these departments including HR, Finance and Communications were benchmarked against the equivalent departments in other Arm's Length Bodies of the Department and found to comprise, in general, lower headcount ratios and lower percentage spend than their counterparts.

During the year we restructured our business support and corporate services' functions to enable us to achieve greater efficiency savings demanded of us by the Government. The business support restructure led to a reduction of 50 posts and will create overall annual savings of £865,000 from April 2011. The corporate services restructure was expected to create savings of £4.9 million from April 2011. This was necessary to allow us to 'stand still' and absorb both the increase in VAT from 4th January 2011 onwards and the increases in 2011-12 pension contributions, pay progression and other costs. By the end of the year 115 staff had taken Voluntary Early Retirement / severance.

Developing our staff

We launched our new Workforce Development Strategy this year. As part of this strategy:

- More than 250 frontline managers attended a four day management programme to develop leadership, change management and performance management skills.
- We launched an online learning centre, MySkills which more than 620 staff have accessed to complete online courses and training.
- We developed, in line with the recommendations of the Social Work Reform Board, a three year Newly Qualified Social Workers programme to allow us to develop and grow our own social work talent. We currently have 12 NQSWs on the programme and a further 59 students on social work placements.

Reducing sickness absence

The average days' sickness absence for practitioners fell from 16.5 days per annum in 2009-10 to 12.8 days in March 2011. This is broadly comparable with other frontline public services¹⁶. Amongst non-frontline staff the figure was 9.6 days' sickness absence. The total average sickness absence for all staff was 11.4 days in 2010-11.

¹⁴ Full-time equivalent.

¹⁵ The term 'frontline' refers to 'business critical' positions, as defined and agreed by the Secretary of State for Education.

¹⁶ Annette Brooke MP's 2009 research through Freedom of Information enquiries found that social workers' annual absence rate was 11.8 days a year. The national average in the public sector was 9.7 days, including 11 in the National Health Service and 10.2 in the police.

Consulting with staff

Cafcass communicates with its staff through the intranet, monthly exchange report and electronic newsletter. In a survey conducted during the year 90% of respondents said they thought the newsletter was a good format for communicating news to the organisation and 87% said it was helpful in their work. We have also held a number of staff focus groups throughout the year on office moves and changes, the development of the Operating Manual, and the workload weighting trial (see below).

Workload weighting

We launched a six-month 'workload weighting' trial on 1st March 2011 following a series of focus groups with staff and ongoing work with our trade unions. The new points-based workload tool being trialled is intended to provide a more consistent and transparent approach to the assessment of workloads and the allocation of cases to FCAs.

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 are disabled. We continue to provide ongoing occupational health support to staff and have developed 'Particular Needs Guidance' through which we provide additional support to staff with a disability, such as specialist office equipment. We will re-establish our internal disability network this coming year.

Equality and Diversity

We are due to launch our revised Equality and Diversity strategy for staff and service users in 2011-12. This focuses on embedding Equality and Diversity consistently within our frontline practice. All service areas have now undertaken Equality Impact Assessments of their service provision, which are regularly reviewed. We have also formed partnerships with other organisations including Tower Hamlets Council and Stonewall, to raise awareness of relevant Equality and Diversity issues in our work.

Research on the radar

This year we have streamlined our research governance systems, with a smaller Research Governance Committee made up of two Board members and the Director of Policy. More than 40 applications, internally and externally, have been, or are in the process of being, considered by the Committee. During the year we received more than 15 finalised pieces of research that had been approved in previous years, including the Department's commissioned research into

Parenting Information Programmes, research into models of supporting social work staff studying for Post Qualification Awards, and research on behalf of Government into babies at risk of significant harm.

Sustainable development

We put in place a new energy contract this year, involving a single organisation to oversee all of our utility suppliers, rather than managing separate contracts. About 65% of our sites have moved to the new contract or are in the process of transferring, resulting in savings of about 15% against market prices. The new contract involves obtaining an element of renewable energy, which has helped us work towards Government targets. In 2011-12 we will review our Sustainability Action Plan to identify improvements we can make particularly in reducing energy consumption across our estate.

Risk management

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

Public Sector Information Holder's Disclosure

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

Reporting of personal data-related incidents

Table 1: Summary of protected personal data-related incidents formally reported to the Information Commissioner's Office (ICO) in 2010-11

Date of incident (month)	Nature of incident	Nature of data involved	Number of people potentially affected	Notification steps
January 2011	Unauthorised disclosure	Service user's complaint information sent to incorrect recipient via email.	1	The ICO was informed once the notification was received.
January 2011	Unauthorised disclosure	An ex-staff member accessed documents relating to staff without obtaining any authority to do so.	58	The ICO was informed at the initial stages of the investigation.
Further action; information risk	<ul style="list-style-type: none"> Cafcass has reminded all staff of their responsibilities when processing personal data for the organisation. Cafcass has highlighted risks associated with predictive email addresses within its IT system. New staff continue to complete the National School of Government Protecting Information training and Cafcass is now considering further training needs for 2011-12. 			

Table 2: Summary of other protected personal data-related incidents in 2010-11

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.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Cafcass premises	3
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	20
V	Other	0

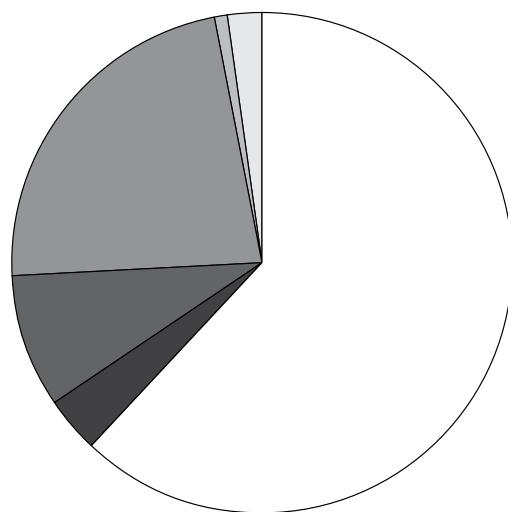
¹⁷ Cafcass' Information Assurance and Data Handling Officer.

Financial commentary

In 2010-11, Cafcass was awarded grant funding from Central Government of £138.200 million, which included £10 million to fund a Transformation Programme – resulting in an overall increase in funding of £6.986 million compared to 2009-10. We also received separate additional funding of £2.4 million for Contact Services and a further £1 million to support further transformation-related activities.

A summary of how we spent our budget is shown below and further details are provided within our 2010-11 Accounts in Section 5.

Figure 8: How we spent our budget 2010-11



<input type="checkbox"/>	Staff costs	62.7%	£90.362m
<input type="checkbox"/>	Self employed contractors	3.6%	£5.133m
<input type="checkbox"/>	Agency	8.6%	£12.423m
<input type="checkbox"/>	Other operating charges	22.2%	£31.945m
<input type="checkbox"/>	Depreciation	0.8%	£1.189m
<input type="checkbox"/>	Partnerships costs	2.1%	£3.009m

Funding for 2011-12 has been included in the Department's spending plans and there is no reason to believe that future sponsorship or Parliamentary approval will not be given. On 31st March 2011 the interim report of the Family Justice Review was published. This recommends the creation of a Family Justice Service, subsuming the role currently performed by Cafcass. The consultation period for responses to this report runs until June 2011. Implementation of its final recommendations is not expected to impact Cafcass as a separate organisation any earlier than 1st April 2012. It is therefore considered appropriate to adopt the going-concern basis for preparation of the Financial Statements.

Annual Accounts 2010-11

The Statement of Accounts of Cafcass for the year ended 31st March 2011 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 2010-11 (the same as in 2009-10) and includes no fees for any non-audit services during 2010-11 (2009-10 also £nil).

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 2011 shows net liabilities of £128.6 million, including the pension liability of £130.5 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 2011 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 0.15 days (46.3 days in 2009-10).

Interest of £nil has been paid or claimed by creditors under the Late Payment of Commercial Debts Act (£150 in 2009-10).

Performance against Key Performance Indicators 2010-11

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

Key Performance Indicator 1: Public law								
<p>97% of the public law workload should be allocated when taken as a snapshot.</p> <p>To avoid delay in public law proceedings of all types, we have set a standard that 97% of our workload should be allocated when taken as a snapshot.</p> <p>Targets</p> <table> <tr> <td>>= 97%</td> <td>GREEN</td> </tr> <tr> <td>90% – 96.9%</td> <td>AMBER</td> </tr> <tr> <td><= 89.9%</td> <td>RED</td> </tr> </table>	>= 97%	GREEN	90% – 96.9%	AMBER	<= 89.9%	RED	<p>2010-11 Performance</p> <p>98.6% GREEN</p>	<p>Performance this year has increased compared to last year (93.1%)</p> <p>Performance stayed at the Amber level until the end of the first quarter. Since then all Operational Areas have improved and achieved the Green level. This is despite the continuing increase in care demand, on average 762 applications per month compared to 736 applications per month last year.</p> <p>Nationally, we have been able to maintain performance at the Green level with improved performance from July 2010.</p>
>= 97%	GREEN							
90% – 96.9%	AMBER							
<= 89.9%	RED							
<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: 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.</p> <p>Changes: This KPI was unchanged from 2009-10.</p>								

Key Performance Indicator 2: Private law								
<p>97% of the private law workload should be allocated when taken as a snapshot.</p> <p>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.</p> <p>Targets</p> <table> <tr> <td>>= 97%</td> <td>GREEN</td> </tr> <tr> <td>90% – 96.9%</td> <td>AMBER</td> </tr> <tr> <td><= 89.9%</td> <td>RED</td> </tr> </table>	>= 97%	GREEN	90% – 96.9%	AMBER	<= 89.9%	RED	<p>2010-11 Performance</p> <p>96.4% AMBER</p>	<p>Performance this year has increased compared to last year (91.9%)</p> <p>Nationally, performance of individual months was Amber during the first half of the year, and Green during the second half, with each month showing a gradual improvement on the previous. This is despite private law case demand being just 1.6% lower than the record numbers seen last year.</p>
>= 97%	GREEN							
90% – 96.9%	AMBER							
<= 89.9%	RED							
<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 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.</p> <p>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.</p> <p>Changes: This KPI was unchanged from 2009-10.</p>								

Key Performance Indicator 3: Safeguarding								
<p>Quality of practice in safeguarding rated overall as 'Satisfactory' or above. Our practitioners' safeguarding work should be rated as Satisfactory, or above, by their Service Manager, on our Q4C performance management system.</p> <p>Targets</p> <table> <tr> <td>>= 97%</td> <td>GREEN</td> </tr> <tr> <td>90% – 96.9%</td> <td>AMBER</td> </tr> <tr> <td><= 89.9%</td> <td>RED</td> </tr> </table>	>= 97%	GREEN	90% – 96.9%	AMBER	<= 89.9%	RED	<p>2010-11 Performance 96.0% AMBER</p>	<p>Performance this year has increased slightly compared to last year (95.3%). Nationally, we achieved performance at the Amber level.</p>
>= 97%	GREEN							
90% – 96.9%	AMBER							
<= 89.9%	RED							
<p>Source: All data is taken from the Cafcass Quality for Children (Q4C) performance management system, which is a national database. As part of Q4C our FCAs' safeguarding work is checked by Service Managers and given a rating of Inadequate, Satisfactory, Good or Outstanding.</p> <p>Calculation method: Measures all safeguarding supervision sessions as logged in Q4C for all employed practitioners.</p> <p>Changes: This KPI was unchanged from 2009-10.</p>								

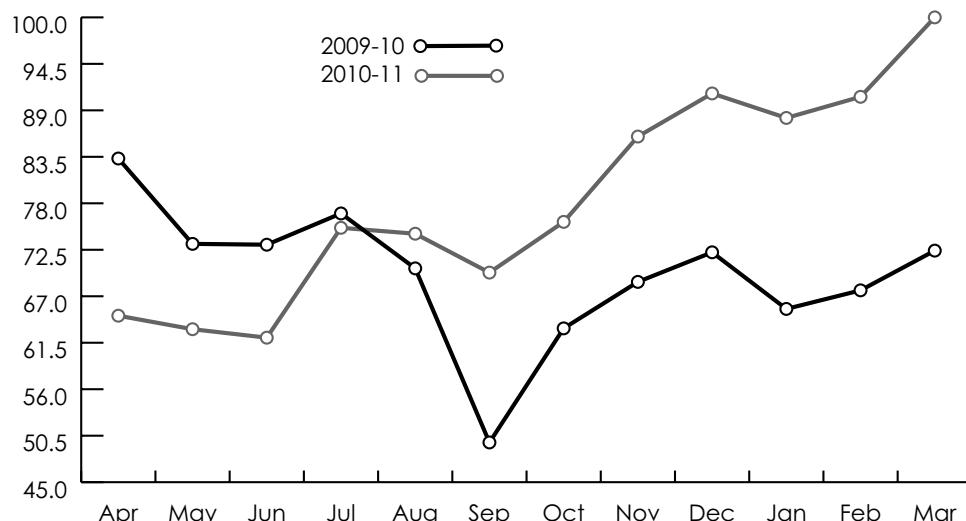
Key Performance Indicator 4: Service user satisfaction								
<p>Percentage of service users giving feedback on HearNow, or paper-based equivalent, express overall satisfaction with the service they have received from Cafcass. This KPI is aimed at understanding our service users' experience and using this to inform policy and practice developments.</p> <p>Targets</p> <table> <tr> <td>>= 65%</td> <td>GREEN</td> </tr> <tr> <td>55% – 64.9%</td> <td>AMBER</td> </tr> <tr> <td><= 54.9%</td> <td>RED</td> </tr> </table>	>= 65%	GREEN	55% – 64.9%	AMBER	<= 54.9%	RED	<p>2010-11 Performance 57.1% AMBER</p>	<p>Performance this year has decreased slightly compared to last year (60.6%). Younger children (aged five to eight) were most satisfied with the service provided by Cafcass; with 77.3% reporting that their Cafcass workers were 'great' or 'ok'. Among older children (aged nine to 17) 59.8% reported being either 'very satisfied' or 'fairly satisfied' with the service Cafcass provided. Among adults, 48.8% reported being either 'very satisfied' or 'fairly satisfied' with the service.</p>
>= 65%	GREEN							
55% – 64.9%	AMBER							
<= 54.9%	RED							
<p>Source: HearNow feedback survey results via Cafcass' Case Management System (CMS).</p> <p>Calculation method: Assessed within a rolling period to a desired confidence interval of +/- 5%. Due to the decline in HearNow's response rate, it has been necessary to measure responses from July 2008 to satisfy this requirement of the KPI. This is the latest point at which the HearNow results for service user satisfaction return a confidence interval of +/- 5%.</p> <p>Changes: This KPI was unchanged from 2009-10.</p>								

Key Performance Indicator 5: Risk assessment

<p>Quality of practice in risk assessment rated overall as Satisfactory or above.</p> <p>Our practitioners' risk assessment duty under section 16A of the Children Act 1989 should be rated as Satisfactory, or above, assessed through audit of case files.</p> <p>Targets</p> <table> <tbody> <tr> <td>>= 97%</td><td>GREEN</td></tr> <tr> <td>90% – 96.9%</td><td>AMBER</td></tr> <tr> <td><= 89.9%</td><td>RED</td></tr> </tbody> </table>	>= 97%	GREEN	90% – 96.9%	AMBER	<= 89.9%	RED	<p>2010-11 Performance</p> <p>68.2% RED</p>	<p>The Cafcass case plan audit tool was used to measure the level of performance against this indicator. The work was graded as Satisfactory if the recommendations were assessed as being sound and evidence-based. The focus of the audit tool was the nature of the risk assessment work undertaken and the appropriateness of the recommendations made to the court in the section 7 welfare report.</p> <p>A total of 44 randomly selected cases were audited.</p>
>= 97%	GREEN							
90% – 96.9%	AMBER							
<= 89.9%	RED							
<p>Source: Audit of a sample of case files where a risk assessment report under section 16A had been completed and filed at court. The audit was conducted in March 2011 in each Operational Area, by Quality Improvement Service Managers.</p> <p>Calculation method: Each individual case is given a final mark of Unsatisfactory, Satisfactory, or Good. Those marked as Satisfactory or above will contribute to the overall score.</p> <p>Changes: This is a new KPI for 2010-11.</p>								

Key Performance Indicator 6: Public law								
<p>Cafcass will allocate (on an ongoing, not a duty basis) all care cases by the Case Management Conference (CMC) hearing, measured as 45 calendar days from application date.</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 by the point in time at which the Public Law Outline (PLO) specifies that the CMC is to take place.</p> <p>Targets</p> <table> <tr> <td>>= 97%</td> <td>GREEN</td> </tr> <tr> <td>90% – 96.9%</td> <td>AMBER</td> </tr> <tr> <td><= 89.9%</td> <td>RED</td> </tr> </table> <p>* Target to be achieved by end of the 2010-11 reporting period.</p>	>= 97%	GREEN	90% – 96.9%	AMBER	<= 89.9%	RED	<p>2010-11 Performance 100.0% GREEN</p>	<p>This new KPI was set with a target of 97% to be achieved by the end of the year. Performance started at the Red level (64.7%) at the beginning of the year. This reflected both the continuing increases in care demand and high reliance on duty allocations. During December 2010 the performance reached Amber for the first time. High priority was placed on prompt allocation of cases, enabling the courts to appoint Children's Guardians in an increasingly timely way.</p> <p>Nationally we achieved performance at the Green level at the end of March 2011 (100%).</p>
>= 97%	GREEN							
90% – 96.9%	AMBER							
<= 89.9%	RED							
<p>Source: All data is taken from the Cafcass Case Management System (CMS) which is a live national database.</p> <p>Calculation method: The number of care cases substantively allocated within 45 calendar days from application date, divided by the total number of care cases allocated. For this measure only the most recent month is reported because the target of 97% is only to be achieved by the end of March 2011. This date has been selected to give teams across the country time to establish sustainable models of intervention in public law care cases, in accordance with the President's Interim Guidance.</p> <p>Changes: This is a new KPI for 2010-11.</p>								

Figure 9: KPI 6 Public law care cases allocated by the Case Management Conference



Key Performance Indicator 7: Private law

<p>Cafcass will measure the percentage of section 7 reports that meet their agreed filing times, for each of the four new types of reports.</p> <p>a) Multiple issue b) Single issue c) Risk assessment d) Wishes and feelings</p> <p>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.</p> <p>Targets</p> <table border="0"> <tr> <td>>= 97%</td> <td>GREEN</td> </tr> <tr> <td>90% – 96.9%</td> <td>AMBER</td> </tr> <tr> <td><= 89.9%</td> <td>RED</td> </tr> </table> <p>*Target to be achieved by end of the 2010-11 reporting period.</p>	>= 97%	GREEN	90% – 96.9%	AMBER	<= 89.9%	RED	<p>2010-11 Performance</p> <p>a) 98.9% GREEN b) 99.2% GREEN c) 96.7% AMBER d) 98.8% GREEN</p>	<p>This new KPI was set with a target of 97% to be achieved by the end of the year, to allow sufficient time to implement the President's Private Law Programme 2010. Therefore the final figures are from the individual month of March 2011 only.</p> <p>Nationally we achieved performance at the Green level in the individual month of March 2011 for multiple issue, single issue and wishes and feelings reports, and achieved Amber for risk assessment reports.</p>
>= 97%	GREEN							
90% – 96.9%	AMBER							
<= 89.9%	RED							

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. For this measure only the most recent month is reported because the target of 97% is only to be achieved by the end of March 2011.

Changes: This is a new KPI for 2010-11.

Figure 10: KPI 7 Private law section 7 reports filed by agreed date

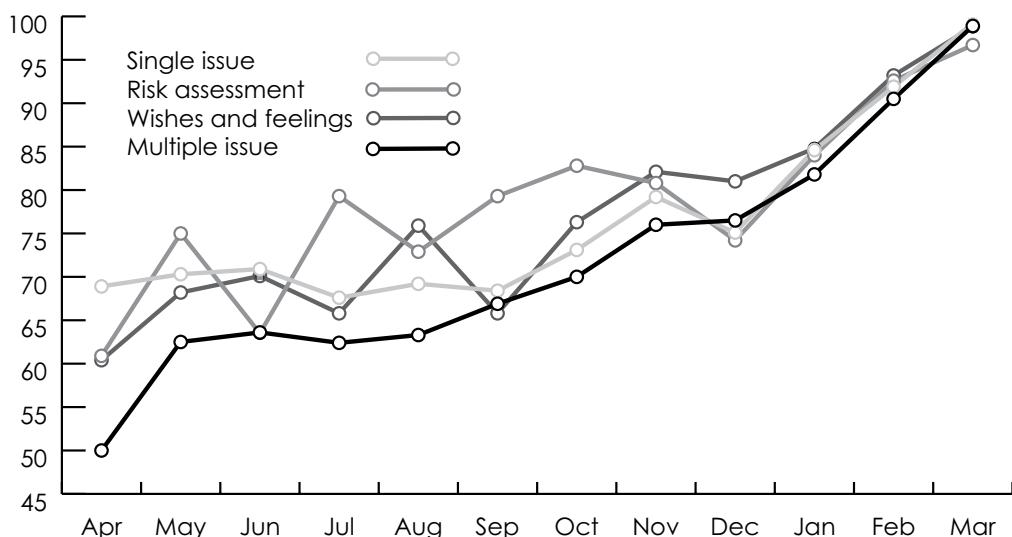
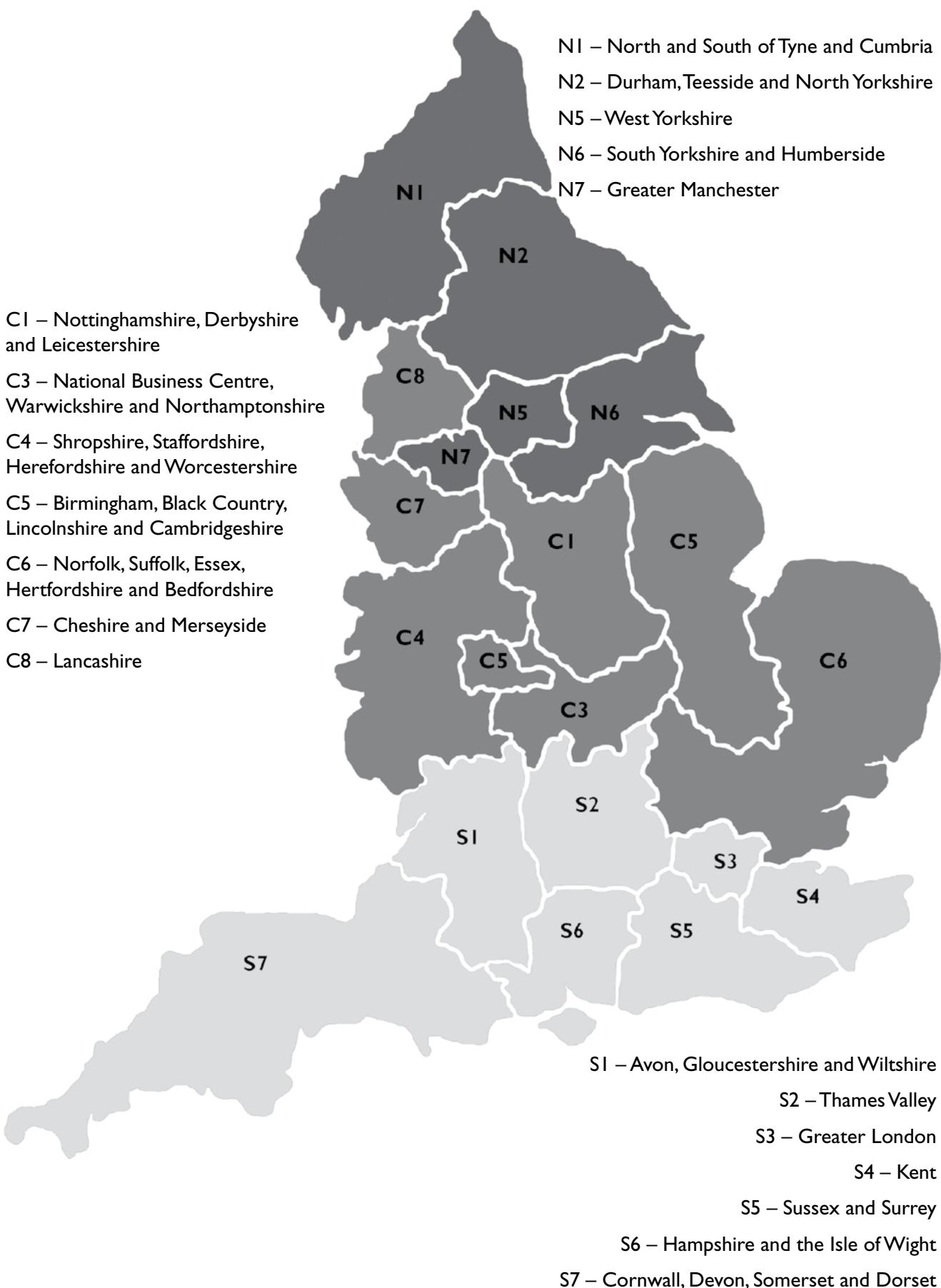


Figure 11: Cafcass service area map as at 31st March 2011



Organisational structure (as at 31st March 2011)

Table 3

	Head of Service	Service Area	Geographical areas covered	Number of children in new cases	Number of public law cases	Number of private law cases
North – Darren Shaw	Carole Goodman	N1	North and South of Tyne and Cumbria	3,074	549	1,550
	Marie Gittins	N2	Durham, Teesside and North Yorkshire	3,200	619	1,501
	Diane Drury	N5	West Yorkshire	4,798	695	2,534
	Hilary Barrett	N6	South Yorkshire and Humberside	4,790	701	2,608
	Shabana Jamal	N7	Great Manchester	5,397	830	2,811
North total				21,259	3,394	11,004
Central – Christine Banin	Neville Hall	C1	Nottinghamshire, Derbyshire and Leicestershire	4,559	688	2,355
	Liz Elgar	C3	National Business Centre, Warwickshire and Northamptonshire	2,487	265	1,440
	Vera Boyes	C4	Shropshire, Staffordshire, Herefordshire and Worcestershire	3,529	422	1,964
	Ana Popovici	C5	Birmingham, Black Country, Lincolnshire and Cambridgeshire	6,421	858	3,430
	Sarah Parsons	C6	Norfolk, Suffolk, Essex, Hertfordshire and Bedfordshire	6,980	1,016	3,528
	Colette Dutton	C7	Cheshire and Merseyside	4,444	573	2,445
	Ana Popovici (interim)	C8	Lancashire	3,158	353	1,723
Central total				31,578	4,175	16,885
South – Vince Clark	Kevin Gibbs	S1	Avon, Gloucestershire and Wiltshire	3,031	415	1,673
	Valerie Blessington	S2	Thames Valley	3,037	399	1,646
	Martin Harris, Peter Coupe, Jillian Aldridge	S3	Greater London	10,660	1,664	5,476
	Neville Hall (cover)	S4	Kent	2,787	407	1,455
	Anthony Bird	S5	Sussex and Surrey	3,409	524	1,769
	Naintara Khosla (interim)	S6	Hampshire and Isle of Wight	2,817	420	1,582
	Peter Mitchell	S7	Cornwall, Devon, Somerset and Dorset	4,282	588	2,269
South total				30,023	4,417	15,870
National total				82,860	11,986	43,759

Key roles and responsibilities

The Cafcass Corporate Management Team

Anthony Douglas CBE, Chief Executive

Christine Banim, Operational Director Central

Vince Clark, Operational Director South

Darren Shaw, Operational Director North

Julie Brown, Director of Finance

Bruce Clark, Director of Policy

Charlotte McCafferty, Director of Legal Services

Jabbar Sardar, Director of Human Resources and Organisational Development

Darren Scates, Director of Business Transformation and Technology

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. The Board members are:

Baroness Valerie Howarth of Breckland OBE, Chair of the Board

Jennifer Bernard

Professor Ian Butler

Terence Connor

Mark Eldridge, Deputy Chair of the Board

Ernie Finch MBE

Baroness Shireen Ritchie of Brompton

Mary MacLeod OBE

Kamaljit Singh

Nicholas Stuart CB, Chair of the Cafcass Audit and Risk Assurance

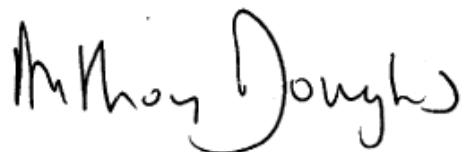
Committee, co-opted to the Board

Professor June Thoburn CBE

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.

A handwritten signature in black ink, appearing to read "Anthony Douglas".

Anthony Douglas CBE
Chief Executive and Accounting Officer
Date: 24th June 2011

Section 2 Remuneration Report

Remuneration policy

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

Remuneration Panel

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

Governance

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

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

Board members' remuneration (audited information)

Table 4

Board members	2010-11		2009-10	
	Salary (£000)	Benefits in kind (to nearest £100)	Salary (£000)	Benefits in kind (to nearest £100)
Baroness Howarth of Breckland OBE (Chair)	44	-	44	-
Jennifer Bernard	10	-	12	-
Mark Eldridge (Deputy Chair)	14	-	12	-
Ernie Finch	10	-	10	-
Nicholas Stuart CB (Co-opted to the Board)	10	-	10	-
Baroness Ritchie of Brompton	10	-	9	-
Professor June Thoburn CBE	10	-	9	-
Mary MacLeod OBE	10	-	9	-
Professor Ian Butler	10	-	9	-
Terence Connor (from 1st April 2010)	10	-	-	-
Kamaljit Singh (from 1st April 2010)	10	-	-	-
Richard Sax (to 30th September 2010)	5 (10 full-year equivalent)	-	10	-
Erica De'Ath OBE (to 30th April 2010)	1 (10 full-year equivalent)	-	10	-
Margo Boye-Anawoma (to 30th April 2010)	1 (10 full-year equivalent)	-	10	-
Harry Marsh MBE (to 31st March 2010)	-	-	10	-
Gillian Baranski (Co-opted to the Board) (to 31st October 2009)	-	-	6	-

Salary and pension entitlements

The remuneration for Cafcass Board members is shown on page 40 and the remuneration for the Corporate Management Team is shown on page 42. 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 2011, the Performance Related Pay Scheme remained suspended, for the second year running, in recognition of the financial position of the public sector and the responsibility on all its constituent parts to exercise restraint, in particular in the area of senior management pay. Pension benefits are not provided for Board members. Cafcass salary ranges are established by considering factors such as relevant external comparator pay levels, internal relativities, affordability, recruitment and retention risks and political sensitivity. Further information on the Cafcass pension schemes can be found in notes 1(f), 5 and 23 to the Accounts.

Benefits in kind

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

Pension benefits

Columns 4 and 5 of the table on page 42 show the members' Cash Equivalent Transfer Value (CETV) accrued at the end and at the beginning of the reporting period. Column 6 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and contributions paid by the employee, including the value of any benefits transferred from another pension scheme or arrangement, and uses common market valuation factors for the start and the end of the period.

Cash Equivalent Transfer Values

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

Core Corporate Management Team remuneration 2010-11

Table 5

		1	2	3	4	5	6
	Salary 2009-10 (performance pay)	Salary 2010-11 (performance pay)	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31st March 2011 and related lump sum	CETV at 31st March 2011	CETV at 31st March 2010	Real increase in CETV after adjustment for inflation and changes in market investment factors
	(£5,000 bands)	(£5,000 bands)	(£2,500 bands)	(£2,500 bands)	(£000)	(£000)	(nearest £000)
Anthony Douglas, CBE Chief Executive	155-160 (0)	160-165 (0)	0.0-2.5 plus 0.0-2.5 decrease lump sum	70-75 plus 190-195 lump sum	1,628	1,693	(117)
Charlotte McCafferty, Director of Legal Services	105-110 (0)	110-115 (0)	2.5-5.0 plus 2.5-5.0 lump sum	30-35 plus 75-80 lump sum	599	573	8
Jabbar Sardar, Director of HR and Organisational Development	105-110 (0)	115-120 (0)	2.5-5.0 plus 0.0-2.5 lump sum	30-35 plus 70-75 lump sum	311	343	(43)
Julie Brown, Director of Finance	105-110 (0)	110-115 (0)	0.0-2.5 plus 0.0-2.5 lump sum	5-10 plus 0-5 lump sum	41	29	11
Vince Clark, Operational Director (South)	105-110 (0)	115-120 (0)	2.5-5.0 plus 2.5-5.0 lump sum	30-35 plus 80-85 lump sum	458	468	(25)
Darren Scates, Director of Business Transformation and Technology	105-110 (0)	110-115 (0)	0.0-2.5 plus 0.0-2.5 lump sum	0-5 plus 0-5 lump sum	34	23	10
Christine Banim, Operational Director (Central)	105-110 (0)	115-120 (0)	2.5-5.0 plus 2.5-5.0 lump sum	30-35 plus 80-85 lump sum	712	40	671
Darren Shaw, Operational Director (North)	105-110 (0)	115-120 (0)	2.5-5.0 plus 2.5-5.0 lump sum	30-35 plus 70-75 lump sum	324	22	301
Bruce Clark, Director of Policy	95-100 (0)	115-120 (0)	10.0-12.5 plus 0.0-2.5 lump sum	60-65 plus 0-5 lump sum	778	697	59

A handwritten signature in black ink, appearing to read "Anthony Douglas".

Anthony Douglas CBE
Chief Executive and Accounting Officer
Date: 24th June 2011

Section 3 Statement of Cafcass' and Accounting Officer Responsibilities

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

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

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the Financial Statements
- Prepare the Financial Statements on a going-concern basis.

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

Section 4 Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Cafcass' policies, aims and objectives, and which safeguards the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

This year, Cafcass received more than 55,000 new cases and dealt with cases involving 147,000 children. Accountability for our work on these cases is to the court which has asked us to become involved, but we also have clear accountabilities internally, such as to the Cafcass Board, and to our sponsoring Government Department, the Department for Education (DfE). Internally, we have a performance management system, quality assurance and supervision arrangements which support accountability through monitoring the quality of work we produce and supporting its improvement where this becomes necessary. Staff and contractors are accountable to their Cafcass line manager in a conventional hierarchy. The Cafcass Executive is accountable to the Cafcass Board and the Chair and myself, as Chief Executive, meet with our Minister for quarterly accountability meetings at which, for example, performance data and the outcomes of Ofsted inspections are scrutinised. We also inform the Department of any major risk or uncertainty, and pride ourselves that communication with the Department continues to be regular, honest and constructive. An immediate problem solving approach is used.

The purpose of the system of internal control

Our system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Cafcass for the year ended 31st March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Government Internal Audit Standards require that 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 Statement on Internal Control. The assessment is based on the programme of work agreed in the annual internal audit plan and conducted during the year. For 2010-11, the HIA gave moderate assurance on the design adequacy and effectiveness of Cafcass' internal control system.

Capacity to handle risk

The Corporate Management Team, the Operational Area management teams, local service area management teams and national professional teams for specific functions (e.g. Finance, HR), all work with live risks and uncertainties on a continuous basis. Cafcass is a large frontline organisation and risks arise in the following main ways:

- On specific cases
- On performance measures
- About the quality of work e.g. in a team or local service area
- On finance-related issues e.g. an overheating budget, or a project whose delivery date has slipped, incurring unforeseen extra costs
- On reputational issues, locally or nationally e.g. with the press, or with an adverse Ofsted inspection.

The management teams work well together and risks, where known and understood, are responded to immediately and escalated appropriately. The main risk was pressure on internal practitioner capacity from the continued expansion in the number of cases referred to us by family courts, although this rise was slower than in the two previous years. The risk on higher volumes is a family justice system-wide risk as Cafcass cannot exercise control over the amount of work we are given by courts, and where there are delays in case completion, which cause added capacity problems, these are for well-catalogued system-wide reasons.

Risks that were not foreseen included an ‘inadequate’ finding by Ofsted, in respect of its inspection of Cafcass’ Kent Service Area. A post-inspection monitoring visit of N4 (then North Yorkshire and Humberside) also found ‘inadequate’ progress. Both areas have been subject to intensive remedial programmes to deliver rapid improvement. Please see page 19 for full details of all the inspections carried out by Ofsted this year.

A further unforeseen risk was slippage on the Transformation Programme’s project to develop a new electronic case file, where supplier difficulties were not sufficiently understood over a period of three months. An interim solution is now in development while a permanent solution is identified.

We have a national Learning Action Panel, which meets six times a year to consider situations where mistakes have been made or near misses have occurred, to ensure the learning points from these are applied effectively across the organisation. This includes the lessons from complaints and Serious Case Reviews.

The risk and control framework

Cafcass has a Corporate Risk Register which is reviewed on a quarterly basis and 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, which are updated quarterly. An action planning approach, including clear ownership of risk reduction programmes is used.

Other relevant processes include:

- Unannounced inspections of local services by internal quality improvement staff.
- Regular health checks of local teams (using the framework proposed by the Social Work Reform Board).
- The regular scrutiny of finance and performance at all levels of the organisation, culminating with CMT and the Cafcass Board.
- A rigorous external inspection programme (Ofsted) and internal audit programme (PricewaterhouseCoopers).

Information Assurance

The Director of Policy performs the role of the Senior Information Risk Owner (SIRO), in accordance with Cabinet Office requirements. The SIRO is supported by the Information Assurance and Data Handling Officer and the IT Security Officer, with an Information Programme Assurance Board that meets on a quarterly basis, and where risks to information are assessed and mitigated to an acceptable level. All information is assigned to Information Asset Owners (IAOs), who are members of the CMT.

Cafcass has allocated Information Assets, which are defined as being information of value which is owned and/or used by the various business areas (data sets, databases and / or ICT systems) to the IAOs. Each IAO has categorised and classified all assets according to the Department Impact Level tables. Guidance is provided to all staff on the control, transportation and disposal of information, relating to the conditions set out in accordance with its respective protective marking. Cafcass continues to assimilate Information Assurance into all its work-streams. A new campaign promoting good practice will be launched within Cafcass in 2011-12.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of the internal auditor and managers within the Department who have responsibility for the development and maintenance of the internal control framework, plus comments made by the external auditor in its management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Assurance Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.

Greater effectiveness in 2010-11 (than in the preceding two years) is illustrated by the following evidence:

- Productivity has improved by circa 12%, much of this as a direct result of the Cafcass Transformation Programme, a separately funded one-off programme for 2010-11, which built on the findings of the Department's commissioned report into Cafcass, carried out by PA Consulting in the summer of 2009.

- Better Ofsted inspections (refer page 19).
- A step-change in performance, as evidenced in Board performance reports. This includes: the virtual elimination of unallocated cases (with only three unallocated care cases in March 2011 compared to 474 in March 2010); significant reductions in care cases allocated to a duty FCA (as at the end of March 2011, Cafcass had 223 care cases allocated to duty, down from 991 cases in March 2010, a 77% reduction – in addition we aim to cease operating duty advice schemes from April 2011, with all cases allocated to individual FCAs on receipt, unless exceptional local circumstances prevent this - refer pages 12 and 13); significant improvement in 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 averaging four working days in March 2011, despite the growing stock of care cases in the system (see page 12); 97% + scores on data validation audits (compared to 70% or 80% scores a year ago); and value for money improvements such as reduced levels of sickness e.g. average practitioner sickness down from 16.5 days a year to 12.8 (see page 22).

This dataset demonstrates considerable improvement from April 2010, when the National Audit Office carried out its Value for Money study of Cafcass, which resulted in a critical report by the Public Accounts Committee.

- Between March and September 2011, Cafcass is trialling a workload weighting system that has been developed in collaboration with Napo and Unison, to help better manage the caseloads of individuals. Based on joint modelling work between the unions and management undertaken since summer 2010, 'bandings' have been identified within which all practitioners' workload scores are situated. This is to enable a more consistent and transparent approach to the assessment of workloads and to indicate whether an FCA's workload is within the proposed expected, high or low bandings (refer page 23 for more information).
- The Cafcass Transformation Programme is well on the way to being delivered in full, and was given a moderate assurance in an Office of Government Commerce health check in September 2010.

Taken together, these improvements indicate a high level of internal control over performance and resources. Going forward into 2011-12, I have identified the following main new or continuing risks:

- Implementation of the Government's response, due in the second half of the financial year, to the Family Justice Review, whose interim report was published on 31st March 2011. We will seek to work closely with our partners to prepare the way for any changes and subsequent implementation.
- The continuing rise in the stock of public law cases in the courts, and the implications of that for workloads and the ability to allocate and complete all work effectively, in addition to adjusting to a base budget of £128 million in 2011-12. This will require strong joint working with the judiciary and local authorities in particular. There will be implications for workloads and on our ability to allocate and complete all work effectively.

- Effective implementation of the Cafcass Operating Manual 2011-13, which sets out our proportionate approach across all aspects of our work. Successful implementation will rely on communicating the model effectively and 'buy-in' from our staff and external stakeholders.

These risks will be managed and mitigated in the ways set out in this Statement on Internal Control. As an additional control in 2011-12, I will obtain assurance statements from individual Directors about the level of internal control within their portfolios, in particular about areas of known in-year concern. I also place a continuing high value on the overview and scrutiny role played by the Board through the main Board and our Board committees.

A handwritten signature in black ink, appearing to read "Anthony Douglas".

Anthony Douglas CBE
Chief Executive and Accounting Officer
Date: 24th June 2011

Section 5 Accounts 2010-11

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

I certify that I have audited the Financial Statements of the Children and Family Court Advisory and Support Service (Cafcass) for the year ended 31st March 2011 under the Criminal Justice and Court Services Act 2000. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These Financial Statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

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

Scope of the Audit of the Financial Statements

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the Financial Statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the Financial Statements give a true and fair view of the state of Cafcass' affairs as at 31st March 2011 and of its 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 the 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 issued 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 or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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: 4th July 2011

Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31st March 2011

	Note	2010-11 £'000	2009-10 £'000	* Restated 2009-10 £'000	2009-10 £'000
Expenditure					
Staff costs		90,362		87,199	
Past pension service cost / (gain)	4	(42,658)		469	
Total staff costs	4	47,704		87,668	
Self-employed contractors & agency staff	21	17,556		13,077	
Depreciation	8 / 9	1,189		950	
Partnerships	22	3,009		2,836	
Other expenditure	6	31,945		27,265	
			101,403		131,796
Income					
Income from activities	7	210		253	
Net expenditure			210		253
Interest (payable) / receivable	23		(101,193)		(131,543)
Net expenditure after interest			(5,686)		(9,022)
			(106,879)		(140,565)
Other comprehensive expenditure					
Net gain / (loss) on the revaluation of property, plant and equipment			(145)		642
Net gain / (loss) on revaluation of intangibles			(11)		137
Pension fund actuarial gains / (losses)	23		38,094		(82,599)
Total comprehensive expenditure for the year ended 31st March 2011			(68,941)		(222,385)

* 2009-10 Statement of Comprehensive Net Expenditure restated for the removal of the Cost of Capital charge of £5.730m, and the reversal of (£5.730m). Overall impact on the restated 2009-10 Statement of Comprehensive Net Expenditure is zero, and the restated 2009-10 'Net expenditure after interest' is equivalent to that as published in Cafcass' 2009-10 Annual Accounts.

The notes on pages 60 to 85 form part of these Accounts.

Statement of Financial Position as at 31st March 2011

	Note	31st March 2011	31st March 2010	31st March 2009
		£000	£000	£000
Non-current assets				
Property, plant and equipment	8	3,124	4,298	4,460
Intangible assets	9	<u>167</u>	<u>374</u>	<u>313</u>
Total non-current assets		3,291	4,672	4,773
Current assets				
Trade and other receivables	12	2,831	2,088	1,755
Other current assets				
Cash and cash equivalents	13	<u>15,803</u>	<u>1,370</u>	<u>20</u>
Total current assets		<u>18,634</u>	<u>3,458</u>	<u>1,775</u>
Total assets		<u>21,925</u>	<u>8,130</u>	<u>6,548</u>
Current liabilities				
Trade and other payables	14	<u>(16,122)</u>	<u>(11,453)</u>	<u>(11,835)</u>
Total current liabilities		<u>(16,122)</u>	<u>(11,453)</u>	<u>(11,835)</u>
Non-current assets less net current liabilities		5,803	(3,323)	(5,287)
Non-current liabilities				
Provisions	15	<u>(3,862)</u>	<u>(348)</u>	<u>(614)</u>
Pension liabilities	23	<u>(130,549)</u>	<u>(202,915)</u>	<u>(112,315)</u>
Total non-current liabilities		<u>(134,411)</u>	<u>(203,263)</u>	<u>(112,929)</u>
Assets less liabilities		<u>(128,608)</u>	<u>(206,586)</u>	<u>(118,216)</u>
Reserves				
General reserve		(129,801)	(207,934)	(118,785)
Revaluation reserve		<u>1,193</u>	<u>1,348</u>	<u>569</u>
		<u>(128,608)</u>	<u>(206,586)</u>	<u>(118,216)</u>

The Financial Statements on pages 56 to 85 were approved by the Board on 24th June 2011 and signed on its behalf by:



Anthony Douglas CBE

Chief Executive and Accounting Officer

Date: 24th June 2011

Statement of Cash Flows for the year ended 31st March 2011

	2010-11	2009-10
	Note	£000
Cash flows from operating activities		
Net expenditure after interest		(106,879)
Depreciation	8 / 9	1,189
(Profit) / loss on disposal of assets		(13)
(Increase) / decrease in trade and other receivables	12	(743)
Increase / (decrease) in trade payables	14	4,669
In year additional pension costs	23	(34,272)
Increase / (decrease) in provisions	15	3,514
Impairments	8 / 9	152
Release of revaluation reserve against disposal		(16)
Release of revaluation reserve against downward revaluation of assets	11	(140)
Net cash outflow from operating activities		(132,539)
		(131,046)
Cash flows from investing activities		
Purchase of property, plant and equipment	8	(11)
Purchase of intangible assets	9	0
Proceeds of disposal of property, plant and equipment		108
Net cash outflow from investing activities		(98)
Cash flows from financing activities		
Grant-in-Aid from parent department for resource expenditure		143,403
Grant-in-Aid from parent department for capital expenditure	8 / 9	11
Other grant funding received		3,461
Net cash inflow from financing activities		146,875
		134,015
Net increase / (decrease) in cash and cash equivalents in the period		
Cash and cash equivalents at the beginning of the period	13	1,370
Cash and cash equivalents at the end of the period	13	15,803
		1,370

Statement of Changes in Taxpayers' Equity as at 31st March 2011

	Note	General Reserve £000	Revaluation Reserve £000	Total £000
Balance at 31st March 2009		(118,785)	569	(118,216)
Changes in taxpayers' equity				
Net gain / (loss) on revaluation of property, plant and equipment	8	0	703	703
Net gain / (loss) on revaluation of intangible assets	9	0	137	137
Release of reserves to the Statement of Comprehensive Net Expenditure due to impairments	11	0	(61)	(61)
Retained surplus / (deficit)		(140,565)	0	(140,565)
Pension fund actuarial (losses) / gains	23	(82,599)	0	(82,599)
Total recognised income and expense		(223,164)	779	(222,385)
Grant-in-Aid from parent – resource		131,116	0	131,116
Grant-in-Aid from parent – capital	8 / 9	98	0	98
Grant from parent – other		2,801	0	2,801
Balance at 31st March 2010		(207,934)	1,348	(206,586)
Change in taxpayers' equity				
Net gain / (loss) on revaluation of property, plant and equipment	8	0	1	1
Net gain / (loss) on revaluation on intangible assets	9	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure due to impairments	11	0	(140)	(140)
Release of reserves to the Statement of Comprehensive Net Expenditure due to disposals		0	(16)	(16)
Increase in reserves due to transferred in assets		43	0	43
Retained surplus / (deficit)		(106,879)	0	(106,879)
Pension fund actuarial (losses) / gains	23	38,094	0	38,094
Total recognised income and expense		(68,742)	(155)	(68,897)
Grant-in-Aid from parent – resource		143,403	0	143,403
Grant-in-Aid from parent – capital	8 / 9	11	0	11
Grant from parent – other		3,461	0	3,461
Balance at 31st March 2011		(129,801)	1,193	(128,608)

Notes to the Accounts year ended 31st March 2011

1. Accounting policies

These Financial Statements have been prepared in accordance with the 2010-11 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 have been selected.

The particular policies adopted by Cafcass for the 2010-11 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.

On 31st March 2011 the Interim Report of the Family Justice Review was published. This recommends the creation of a Family Justice Service, subsuming the role currently performed by Cafcass. Final decisions regarding the scope and timescales for recommendations being taken forward will not be known until the end of 2011. Implementation of its final recommendations is not expected to impact Cafcass as a separate organisation any earlier than 1st April 2012. It is therefore considered appropriate to adopt the going-concern basis for preparation of the Financial Statements.

c) Property, plant & equipment

Freehold land and buildings were revalued in the 2010-11 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 1st April 2007 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.

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 of National Statistics. Revaluations above the depreciated historic cost of an asset are credited to a revaluation reserve. Amounts equivalent to the depreciation charge on the revaluation element are then credited to the Statement of Comprehensive Net Expenditure, to offset the total depreciation charged on that asset based on the revalued amount.

Any downward revaluation of property, plant and equipment below the asset's depreciated historic cost is offset against any balance in the revaluation reserve relating to that particular asset; otherwise it is charged directly to 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 Office of National Statistics. Revaluations above the depreciated historic cost of these assets are credited to a revaluation reserve. Amounts equivalent to the depreciation charge on the revaluation element are then credited to the Statement of Comprehensive Net Expenditure, to offset the total depreciation charged on that asset based on the revalued amount.

Any downward revaluation of intangible assets below the asset's depreciated historic cost is offset against any balance in the revaluation reserve relating to that particular asset; otherwise it is charged directly to 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.

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

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.

g) Grant-in-Aid

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

h) Income from activities

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

i) Insurance

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

j) Operating leases

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

k) Cost of capital

A notional cost of capital is no longer required to be charged in the accounts.

l) 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.

m) 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.

n) 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.

o) Accounting estimates

Cafcass prepares its Financial Statements in accordance with IFRS, the application of which requires judgements to be made by management when formulating its financial position and results.

Cafcass is required to adopt those accounting policies most appropriate to the organisation's circumstances for the purpose of presenting fairly its financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position, should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed in this Annual Report and Accounts to be its critical accounting estimates.

Management has discussed its critical accounting estimates and associated disclosures with the Cafcass Audit and Risk Assurance Committee.

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 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

A notional cost of capital is no longer required to be charged in the Accounts. There have been no other significant changes to the accounting policies, as described in Cafcass' 2009-10 Annual Report and Accounts.

2a) New International Financial Reporting Standards (IFRSs), not yet effective

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

New IFRSs				
IFRS	Title	Comments	Date of issue	Effective date
IFRS9	Financial Instruments	<p>The IASB intend that IFRS9 will replace IAS39 Financial Instruments: Recognition and Measurement in its entirety. As a first instalment, the chapters on classification and measurement of financial assets have been issued. Later instalments will cover financial liabilities, impairment methodology, and hedge accounting.</p> <p>Under IFRS9, financial assets should be classified on the basis of the entity's business model for their management, and their contractual cash flow characteristics. They should be measured initially at fair value, and subsequently at either fair value or amortised cost.</p> <p>IFRS9 simplifies the classification and measurement of financial assets, removing the numerous categories of financial asset specified in IAS39, and resulting in one impairment method.</p> <p><i>Impact: Impact not material given very limited use of Financial Instruments.</i></p>	November 2009	1st January 2013

Amendments to IFRSs				
IFRS	Title	Comments	Date of issue	Effective date
IAS24	Related Party Disclosures	<p>The revision of IAS24 simplifies and clarifies the definition of a related party, and provides government-related entities with partial exemption from the disclosure requirements relating to related party transactions and outstanding balances (including commitments).</p> <p>Impact: Likely to benefit from partial exemptions on disclosures.</p>	November 2009	1st January 2011
IFRS7	Financial Instruments: Disclosures	<p>In response to the credit crisis, IFRS7 has been strengthened to require more disclosure on transfer transactions (e.g. securitisations) involving financial assets, including the extent of any risks which may remain with the entity following the transfer.</p> <p>Impact: Impact not material given very limited use of Financial Instruments.</p>	October 2010	1st July 2011

Amendments to IFRSs resulting from Annual Improvements to IFRSs (May 2010)				
IFRS	Title	Comments	Date of issue	Effective date
IFRS7	Financial Instruments: Disclosures	<p>Explains the reason for providing qualitative and quantitative disclosures on risks and the benefits to users of financial statements of being able to link the two. On credit risk, the amendment: removes the option to omit disclosure of quantitative disclosures on credit risk etc. where the impact is not material (leaving this judgement to the auditors); removes the requirement to disclose maximum exposure to credit risk if that risk is limited to the carrying amounts of the relevant assets; adds the requirement to disclose the effect of any collateral held on the maximum exposure to credit risk, even where the unmitigated risk is (as above) equal to the carrying amount of the relevant assets; and removes the requirement to make disclosures on assets where credit terms which would otherwise have been breached have been renegotiated.</p> <p>Impact: Impact not material given very limited use of Financial Instruments.</p>	May 2010	1st January 2011
IASI	Presentation of Financial Statements	<p>Very minor amendment allowing items of other comprehensive income for respective elements of equity to be presented in the notes rather than in the SoCNE itself.</p> <p>Impact: Limited.</p>	May 2010	1st January 2011

Amendments to Interpretations

IFRS	Title	Comments	Date of issue	Effective date
IFRIC14	Prepayments of a Minimum Funding Requirement	The amendment allows, in certain circumstances, an entity to treat the prepayment of future contributions to a pension scheme where there is a minimum funding requirement as an asset. <i>Impact: Limited.</i>	November 2009	1st April 2011

Major FReM changes for 2011-12

IFRS	Title	Comments	Date of issue	Effective date
Chapters 5, 6, 7 & 11	Accounting for Capital Government Grants and Similar Financing from Non-Government Sources	Adapts IAS20 – so that the accounting treatment is extended to all capital non-exchange transactions (including donated assets). Non-exchange revenue relating to capital items should be recognised immediately, except where the funding is subject to a condition. Adapts IAS16 – to supplement disclosure requirements to show how additions have been financed, i.e. own capital budget, government grant, donation, lottery funding. <i>Impact: Minimal. Unlikely to be any material grants or similar financing in 2011-12.</i>	December 2010	1st April 2011

The section below sets out new IFRSs and other accounting changes that have been issued and are effective for the first time in 2010-11 and includes an assessment of the impact now applied.

Amendments to IFRSs resulting from Annual Improvements to IFRSs (May 2008 and April 2009)				
IFRS	Title	Comments	Date of issue	Effective date
IFRS8	Operating Segments	<p>The amendment clarifies that segmental information for total assets is required only if such amounts are regularly reported to the chief operating decision maker.</p> <p><i>Impact: Disclosure of total assets retained.</i></p>	April 2009	1st January 2010
IAS7	Statement of Cash Flows	<p>The amendment clarifies that only expenditure that results in the recognition of an asset (rather than simply to generate future income and cash flows) can be classified as a cash flow from investing activities.</p> <p><i>Impact: Limited asset related expenditure.</i></p>	April 2009	1st January 2010
IAS 17	Leases	<p>The amendment clarifies that where a lease includes both land and buildings elements, they are separately assessed in accordance with the general guidance on the classification of leases in IAS17, taking into account that land normally has an indefinite economic life. Thus the land element may be classified as a finance lease, even if title is not expected to pass to the lessee.</p> <p>Entities should reassess unexpired leases on adoption of the amendment, and account for any change retrospectively in accordance with IAS8, unless the information necessary to do this is not available.</p> <p><i>Impact: Limited. Value of separate elements, where identifiable, not material.</i></p>	April 2009	1st January 2010

3. Analysis of net expenditure by segment

2010-11	North	Central	South	Other	Total
	£000	£000	£000	£000	£000
*Gross expenditure	30,600	31,517	39,016	5,956	107,089
Income	(1)	0	0	(209)	(210)
Net expenditure	30,599	31,517	39,016	5,747	106,879
Total assets	977	763	474	1,077	3,291

*Gross expenditure (Other) includes a credit of £42.658m which relates to the past pension service cost / (gain) (see note 4 below).

2009-10	North	Central	South	Other	Total
	£000	£000	£000	£000	£000
Gross expenditure	32,478	33,679	40,244	34,417	140,818
Income	(4)	0	(7)	(242)	(253)
Net expenditure	32,474	33,679	40,237	34,175	140,565
Total assets	1,138	851	523	2,160	4,672

4. Staff numbers and related costs

2010-11	Cafcass Board	Corporate National	Regional Staff	Total
	Members	Office Staff		
	£000	£000	£000	£000
Salaries and wages	155	8,087	60,193	68,435
Social security costs	12	566	4,895	5,473
Other pension costs	0	3,653	9,885	13,538
Past pension service cost / (gain)	0	(11,509)	(31,149)	(42,658)
Total payroll costs	167	797	43,824	44,788
Temporary staff costs	0	822	2,081	2,903
Secondee costs	0	13	0	13
Total staff costs	167	1,632	45,905	*47,704

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

Average number of persons employed

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

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

Restated 2009-10	Cafcass Board	Corporate National	Regional Staff	Total
	Members	Office Staff		
		£000	£000	£000
Salaries and wages	171	7,635	61,760	69,566
Social security costs	16	610	4,743	5,369
Other pension costs	0	1,186	7,107	8,293
Past pension service cost / (gain)	0	67	402	469
Total payroll costs	187	9,498	74,012	83,697
Temporary staff costs	0	821	3,131	3,952
Secondee costs	0	19	0	19
Total staff costs	187	10,338	77,143	87,668

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	132	1,616	1,750
Average number of temporary staff	0	42	225	267

The total staff cost includes a cost of £1.812m relating to severance / voluntary early redundancy in 2010-11. In total 115 employees were involved. In 2009-10 there were severance / voluntary early redundancy costs of £0.706m involving 45 employees.

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

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

	Number of compulsory redundancies 2010-11 (2009-10)	Number of other departures agreed 2010-11 (2009-10)	Total number of exit packages by cost band 2010-11 (2009-10)
Exit package cost band			
£10,000	20 (1)	27 (15)	47 (16)
£10,000-£25,000	8 (1)	25 (16)	33 (17)
£25,000-£50,000	6 (1)	16 (5)	22 (6)
£50,000-£100,000	7 (3)	5 (1)	12 (4)
£100,000 -£150,000	0 (0)	0 (0)	0 (0)
£150,000-£200,000	1 (2)	0 (0)	1 (2)
Total number of exit packages by type	42 (8)	73 (37)	115 (45)
Total resource cost / £000	1,039 (612)	1,503 (570)	2,542 (1,182)

Redundancy and other departure costs have been paid 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 not 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 18.2% for 2010-11. Aon Hewitt Limited is the currently appointed fund actuaries. The contribution rate is based on service to Cafcass and ill health retirements. Employer's contributions to the Scheme for the year amounted to £10.761m (excluding costs of £0.640m relating to the voluntary early retirement programme) with 1,591 employees participating in the scheme during 2010-11 (2009-10: £9.155m excluding costs of £0.476m relating to voluntary early retirement / 1,941 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 2011. Following the actuarial valuation, the revised employer contribution rates for Cafcass have been set as follows:

- **2011-12 – 2013-14 15.2%**

In addition cash contributions are payable of £2.506m in 2011-12, £3.179m in 2012-13 and £3.852m in 2013-14. No cash contributions were payable prior to the 1st April 2011.

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 will apply from 1st April 2011. Full details can be found at www.civilservice-pensions.gov.uk.

For 2010-11, employer's contributions of £0.077m (2009-10: £0.090m) were payable to the PCSPS at one of three rates in the range of 19.5% to 25.5% of pensionable pay, based on salary bands.

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

Eight employees participated in the PCSPS during 2010-11 (2009-10: 10), and none of these individuals were in a partnership pension account or a stakeholder pension.

6. Other Expenditure

	Note	2010-11 £000	2009-10 £000
*Accommodation costs		12,045	8,518
*Outsourced finance and ITC services		8,019	5,842
Travel and subsistence		3,159	3,695
Office supplies, printing and stationery		2,076	2,272
Telecommunications and postage		1,957	1,931
System support costs		1,402	1,015
Legal costs		937	808
Training costs		757	980
Fuel and utilities		370	362
Vehicle costs		350	481
Recruitment costs		310	405
Interpreters and translators		216	189
Staff related costs		153	176
Internal audit costs		117	167
External audit costs		52	60
Impairments	11	12	27
Movement in bad debt provisions		0	9
(Profit) / loss on disposal of property, plant and equipment		(32)	1
Other provisions no longer required	15	(144)	(54)
Other		189	381
Total		31,945	27,265

*These costs include higher levels of spending on Estates and IT projects, funded through the Transformation Programme in 2010-11 only.

7. Income

	2010-11 £000	2009-10 £000
Training	206	129
Award of court costs	0	5
Other income	4	119
Total income from activities	210	253

8. Property, plant and equipment

	Land & Buildings excluding Dwellings £000	Leasehold Land, Buildings & Improvements £000	Information Technology & Telecoms £000	Office Equipment £000	Total £000
Cost or valuation					
at 01/04/10	2,578	882	4,493	58	8,011
Additions	0	0	11	0	11
Transferred in	0	0	60	0	60
Disposals	(103)	0	(312)	(16)	(431)
Revaluations	0	0	0	1	1
Impairments	(85)	0	(273)	0	(358)
at 31/03/11	2,390	882	3,979	43	7,294
Depreciation					
at 01/04/10	238	747	2,683	45	3,713
Charged in year	30	79	882	4	995
Transferred in	0	0	17	0	17
Disposals	(15)	0	(305)	(16)	(336)
Revaluations	0	0	0	0	0
Impairments	(9)	0	(210)	0	(219)
at 31/03/11	244	826	3,067	33	4,170
NBV at 31/03/11	2,146	56	912	10	3,124
NBV at 31/03/10	2,340	135	1,810	13	4,298
Asset financing					
Owned	2,146	56	912	10	3,124
NBV at 31/03/11	2,146	56	912	10	3,124
2009-10					
Cost or valuation					
at 01/04/09	2,638	1,311	4,603	56	8,608
Additions	0	0	57	0	57
Transferred in	0	0	0	0	0
Disposals	0	(429)	(1,010)	0	(1,439)
Revaluations	35	0	843	2	880
Impairments	(95)	0	0	0	(95)
at 31/03/10	2,578	882	4,493	58	8,011

	Land & Buildings excluding Dwellings £000	Leasehold Land, Buildings & Improvements £000	Information Technology & Telecoms £000	Office Equipment £000	Total £000
Depreciation					
at 01/04/09	214	1,086	2,807	41	4,148
Charged in year	31	90	709	3	833
Transferred in	0	0	0	0	0
Disposals	0	(429)	(1,009)	0	(1,438)
Revaluations	0	0	176	1	177
Impairments	(7)	0	0	0	(7)
at 31/03/10	238	747	2,683	45	3,713
NBV at 31/03/10	2,340	135	1,810	13	4,298
NBV at 31/03/09	2,424	225	1,796	15	4,460
Asset financing					
Owned	2,340	135	1,810	13	4,298
NBV at 31/03/10	2,340	135	1,810	13	4,298

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

Freehold land at 31st March 2011 was valued at £0.740m (2009-10: £0.790m).

Property assets were independently revalued by the Valuation Office Agency as at 1st April 2007 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 Valuation Office Agency as at 31st March 2011.

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.

9. Intangible assets

	Information Technology £000	Software Licences £000	Websites that Deliver Services £000	Total £000
Intangible assets comprise software, software licenses, and website and intranet costs.				
2010-11				
Cost or valuation				
at 01/04/10	632	331	83	1,046
Additions	0	0	0	0
Disposals	0	0	0	0
Revaluations	0	0	0	0
Impairments	(44)	(23)	(6)	(73)
at 31/03/11	588	308	77	973
Depreciation				
at 01/04/10	483	150	39	672
Charged in year	88	84	22	194
Disposals	0	0	0	0
Revaluations	0	0	0	0
Impairments	(40)	(16)	(4)	(60)
at 31/03/11	531	218	57	806
NBV at 31/03/11	57	90	20	167
NBV at 31/03/10	149	181	44	374
2009-10				
Cost or valuation				
at 01/04/09	482	257	66	805
Additions	33	8	0	41
Disposals	(5)	0	0	(5)
Revaluations	122	66	17	205
Impairments	0	0	0	0
at 31/03/10	632	331	83	1,046
Depreciation				
at 01/04/09	369	97	26	492
Charged in year	51	53	13	117
Disposals	(5)	0	0	(5)
Revaluations	68	0	0	68
Impairments	0	0	0	0
at 31/03/10	483	150	39	672
NBV at 31/03/10	149	181	44	374
NBV at 31/03/09	113	160	40	313

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 relate to contracts to buy non-financial items in line with expected purchase and usage requirements, and are therefore exposed to limited, liquidity or market risk.

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

Fair values

There is no difference between the book value and fair value of any of Cafcass' financial assets and liabilities as at 31st March 2011.

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 £000	Depreciation Credited to Comprehensive Net Expenditure £000	Revaluation Reserves Released to Comprehensive Net Expenditure £000	Net Impact of Impairments in Comprehensive Net Expenditure £000
2010-11				
Land and buildings	85	9	69	7
IT and telecoms	273	210	61	2
Intangible assets	73	60	10	3
	431	279	140	12
2009-10				
Land and buildings	95	7	61	27
IT and telecoms	0	0	0	0
Intangible assets	0	0	0	0
	95	7	61	27

12. Trade receivables and other current assets

	2010-11 £000	2009-10 £000
Amounts falling due within one year		
Other receivables	730	727
Provision for bad debts	(13)	(13)
Prepayments	2,097	1,357
Travel advances	5	5
	2,819	2,076
Amounts falling after more than one year		
Deposits and advances	12	12
	12	12
Intra-Government balances		
Balances with Central Government bodies	440	517
Balances with Local Authorities	1,029	501
Balances with NHS Trusts	7	2
Balances with bodies external to Government	1,355	1,068
	2,831	2,088

13. Cash and equivalents

	Cash £000	Bank £000	Total £000
Balance at 1st April 2010	19	1,351	1,370
Net change in cash and cash equivalent balance	(1)	14,434	14,433
Balance at 31st March 2011	18	15,785	15,803

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

Commercial banks and cash in hand	18	15,785	15,803
Balance at 31st March 2011	18	15,785	15,803

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

2009-10

Balance at 1st April 2009	20	(1,521)	(1,501)
Net change in cash and cash equivalent balance	(1)	2,872	2,871
Balance at 31st March 2010	19	1,351	1,370

The following balances at 31st March 2010 were held at:

Commercial banks and cash in hand	19	1,351	1,370
Balance at 31st March 2010	19	1,351	1,370

14. Trade payables and other current liabilities

	2010-11 £000	2009-10 £000
Amounts falling due within one year		
Taxation and social security	2,984	1,774
Trade payables	5,933	5,620
Other payables	81	49
Accruals and deferred income	6,317	3,086
Annual leave accrual	807	924
	<hr/> 16,122	<hr/> 11,453
Intra-Government balances		
Balances with Central Government bodies	2,370	2,504
Balances with Local Authorities	64	38
Balances with NHS Trusts	6	1
Balances with Public Corporations	1,302	475
Balances with bodies external to Government	<hr/> 12,380	<hr/> 8,435
	<hr/> 16,122	<hr/> 11,453

15. Provisions for liabilities and charges

	Employment Claims £000	Other Claims £000	Onerous Contracts £000	Dilapidations £000	Total £000
2010-11					
Balance at 1st April 2010	261	87	0	0	348
Provided in the year	304	213	280	3,049	3,846
Provisions not required written back	(124)	(20)	0	0	(144)
Provisions utilised in the year	(121)	(67)	0	0	(188)
Balance at 31st March 2011	320	213	280	3,049	3,862

Analysis of expected timing of discounted flows

Not later than one year	320	213	280	1,611	2,424
Later than one year and not later than five years	0	0	0	1,280	1,280
Later than five years	0	0	0	158	158
	320	213	280	3,049	3,862

2009-10

Balance at 1st April 2009	105	301	208	0	614
Provided in the year	224	67	0	0	291
Provisions not required written back	(37)	(17)	0	0	(54)
Provisions utilised in the year	(31)	(264)	(208)	0	(503)
Balance at 31st March 2010	261	87	0	0	348

Analysis of expected timing of discounted flows

Not later than one year	261	87	0	0	348
Later than one year and not later than five years	0	0	0	0	0
Later than five years	0	0	0	0	0
	261	87	0	0	348

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

A major part of the Transformation Programme related to the planned closures of a significant number of Cafcass properties. The programme of closures had been instigated as part of an overall efficiency programme but was further extended through the requirement of the Cabinet Office following guidance in May and June 2010, to exercise lease breaks and expiries.

This has caused a rapid acceleration of dilapidation costs, in particular where a large number of lease agreements entered into when Cafcass was formed, are now coming to their 10 year review / expiry terms. 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.

Across the Cafcass Estate there are a number of properties where the property has already been exited, or where there are clear plans and expectations that the organisation will exit the property within the current and next financial year.

Further, for leases that are ongoing, a cumulative liability for dilapidations exists within the terms of the lease agreements, a portion of which is considered to exist at the end of the financial year.

A total provision across the first two categories has been made in the order of £2.052m. The additional provision across ongoing leases using industry information on the most likely costs for dilapidations per square metre requires a further provision of £0.997m.

16. Capital commitments

There were no material contracted capital commitments as at 31st March 2011.

17. Commitments under leases

Operating leases commitments

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

	2010-11 £000	2009-10 £000
Obligations under operating leases comprise:		
Land		
Not later than one year	0	0
Later than one year and not later than five years	0	0
Later than five years	0	0
	0	0
Buildings		
Not later than one year	4,195	3,156
Later than one year and not later than five years	8,727	6,267
Later than five years	2,235	2,045
	15,157	11,468
Other		
Not later than one year	195	287
Later than one year and not later than five years	86	202
Later than five years	0	0
	281	489
Finance leases		

There were no finance leases as at 31st March 2011.

18. Other financial commitments

	2010-11 £000	2009-10 £000
Not later than one year	6,705	5,628
Later than one year and not later than five years	31,849	22,512
Later than five years	0	8,442
	38,554	36,582

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. In particular, the service covers the provision of desktop and mobile computing, service desk, networks, data storage and business application hosting to all Cafcass offices and employees. The contract provides for the replacement of desktop and mobile computing devices every four years from the date brought in to use.

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 2010-11, Cafcass had various material transactions with the Department, including the receipt of £146.875m grant funding from the Department (2009-10: £134.015m). Transactions with the Department not related to Grant-in-Aid or other funding totalled £0.740m (2009-10: £0.478m), which relates to rental charges as at 31st March 2011. £0.106m remains outstanding (2009-10: £0.353m).

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

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

20. Events after Statement of Financial Position date

The Financial Statements were authorised for issue on 4th July 2011 by Anthony Douglas CBE (Chief Executive and Accounting Officer).

21. Self-employed contractors

In 2010-11 we contracted the services of 258 self-employed contractors (2009-10: 313), of which amounts paid amounted to £5.133m in the year (2009-10: £6.976m).

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

Further to this, agency staff costs amounted to £12.423m in the year (2009-10: £6.101m).

22. Partnership costs

Partnership costs of £3.009m (2009-10: £2.836m) represent the cost of services provided by Cafcass through third party organisations such as contact centres and mediation centres.

In addition to Cafcass' baseline partnership budget, in 2010-11 Cafcass received additional funding of £2.400m from the Department (2009-10: £2.400m).

23. Pension liabilities

WYPF's actuary, Hewitt Associates Limited, carried out an IAS19 valuation for Cafcass as at 31st March 2011, the accounting treatment is the same as that of FRS17.

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 amount recognised in the Statement of Financial Position are as follows:

	2011	2010
	£000	£000
Present value of funded obligations	(406,741)	(430,526)
Fair value of plan assets	276,192	227,611
Net liability	(130,549)	(202,915)

Amounts in the Statement of Financial Position

Liabilities	(130,549)	(202,915)
Net liability	(130,549)	(202,915)

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

	2011	2010
	£000	£000
Current service cost	13,691	8,134
Interest on obligation	22,255	19,785
Expected return on plan assets	(16,569)	(10,763)
Past service cost / (gain)	(42,658)	469
Expense / (gain) recognised in the Statement of Comprehensive Net Expenditure	(23,281)	17,625

Note: Due to tight timescales some of the IAS19 calculations are based on estimates, the "Employers contributions" above are estimated costs based on 11 months actual data (E.g. April 2010 to February 2011). The actual employer pension contribution for 2010-11 is £10.761m and the estimated cost used is £10.773m, giving an immaterial difference of £0.012m.

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

	2011	2010
	£000	£000
Opening defined benefit obligation	430,526	275,194
Current service cost	13,691	8,134
Interest cost	22,255	19,785
Member contributions	4,304	3,803
Past service cost / (gain)	(42,658)	469
Actuarial losses / (gains)	(17,421)	128,483
Benefits / transfers paid	(3,956)	(5,342)
Closing defined benefit obligation	406,741	430,526

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

	2011	2010
	£000	£000
Opening fair value of plan assets	227,611	162,879
Expected return	16,569	10,763
Actuarial gains / (losses)	20,673	45,884
Contributions by employer	10,991	9,624
Member contributions	4,304	3,803
Benefits / transfers paid	(3,956)	(5,342)
	276,192	227,611

The major categories of plan assets as a percentage of total plan assets are as follows:

	2011	2010
Equities	73.4%	70.6%
Government bonds	11.7%	12.5%
Other bonds	3.8%	3.5%
Property	3.5%	3.3%
Cash / liquidity	1.7%	3.9%
Other	5.9%	6.2%

Scheme assets:

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.

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Defined benefit obligation	(406,741)	(430,526)	(275,194)	(314,657)	(243,716)
Plan assets	276,192	227,611	162,879	194,999	195,969
Surplus / (deficit)	(130,549)	(202,915)	(112,315)	(119,658)	(47,747)
Experience gains / (losses) on liabilities	(6,711)	1,276	39,405	(34,317)	2,054
Experience gains / (losses) on assets	20,673	45,884	(53,167)	(20,565)	0

Actual return on assets:

	2010-11 £000	2009-10 £000
Expected return on assets	16,569	10,763
Actuarial gain / (loss) on assets	20,673	45,884
Actual return on assets	37,242	56,647

The major financial assumptions used in the valuation were:

	2010-11	2009-10
* Rate of inflation	2.80%	3.90%
Expected return on plan assets	7.70%	7.21%
Rate of increase in salaries	3.70%	5.65%
Rate of increase in pensions	2.80%	3.90%
Discount rate	5.00%	5.50%

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.

* Following the UK Government's announcement on 22nd June 2010, the inflation index to be used to derive statutory pension increases has been changed from the Retail Price Index (RPI) to the Consumer Price Index (CPI).

Due to a number of differences between the indices, including both constituents and construction, CPI is expected to be less than RPI over the long-term, which means that the defined benefit obligation has reduced.

We consider that this policy change constitutes a change to the constructive obligation to provide certain benefits to Scheme members, giving rise to the recognition of a negative past cost service. The change has been recognised as at 22nd June 2010.

Analysis of amounts recognised in Other Comprehensive Expenditure

	2010-11 £000	2009-10 £000	2008-09 £000	2007-08 £000	2006-07 £000
Difference between the expected and actual return on scheme assets	20,673	45,884	(53,167)	(20,565)	2,054
Percentage of scheme assets	7%	20%	(33%)	(11%)	1%
Experience gains and losses on scheme liabilities	17,421	(128,483)	39,405	(34,317)	0
Percentage of present value of the scheme liabilities	4%	(30%)	14%	(11%)	0%
Changes in assumption	0	0	0	(11,568)	12,969
Total amount recognised in Other Comprehensive Expenditure	38,094	(82,599)	(13,762)	(66,450)	15,023
Percentage of present value of the scheme liabilities	9%	(19%)	5%	(21%)	6%

24. Contingent liabilities

There were no qualifying contingent liabilities as at 31st March 2011.

25. Contingent assets

Fujitsu have also committed to providing Cafcass with £0.444m of additional service development work in 2011-12, for which Cafcass will not be charged.

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

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ISBN 978-0-10-297149-1

A standard linear barcode representing the ISBN number 978-0-10-297149-1.

9 780102 971491