



“ A VOICE FOR CHILDREN ”

An executive
non-departmental
public body
of the
Department
for Education
and Skills

**ANNUAL
REPORT
AND
ACCOUNTS**
2005-2006

ANNUAL REPORT AND ACCOUNTS 2005-2006

CAFCASS has a statutory responsibility to ensure that children and young people are put first in family proceedings, their voices are properly heard, the decisions made about them by courts are in their best interests and they and their families are supported throughout the process, no matter what form their family takes in the modern world.

We operate within the law set by Parliament and under the rules and directions of the family courts. Our role is 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.

We are a non-departmental public body accountable to the Minister for Children, Young People and Families in the Department for Education and Skills (DfES). We work within the strategic objectives agreed by our sponsor department and contribute to wider government objectives relating to children.

We have a role in relation to measures outlined in *Every Child Matters*, which sets out five key outcomes for children, young people and families – being healthy, staying safe, enjoying and achieving, making a positive contribution and experiencing economic well-being.

An executive non-departmental public body of the Department for Education and Skills

For the period 1 April 2005 – 31 March 2006

To the Secretary of State for Education and Skills

Presented to Parliament by the Secretary of State for Education and Skills, pursuant to schedule 2, paragraph 12(3) of the Criminal Justice and Court Services Act 2000, and in respect of the accounts on behalf of the Comptroller and Auditor General under schedule 2, paragraph 13(4) of the Criminal Justice and Court Services Act 2000.

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OVERVIEW BY THE CHAIR

The second year of the new CAFCASS Board has been as eventful and challenging as the first. I want immediately to record my thanks to my Deputy Chair, Baroness Howarth, and to all Board members for their wisdom, their tolerance, their commitment to the organisation and for the range of knowledge and skills they bring. The time and thought they give to CAFCASS is well beyond what is expected of most Board members of a non-departmental public body and I am deeply grateful to them all.



We are all aware of the huge debt we owe to Anthony Douglas, our Chief Executive, in this, his first full year with us. His extraordinary energy and ability to rise to ever increasing challenges has played a major part in establishing a good relationship with The Department for Education and Skills, our sponsoring department. It is clear that Ministers and officials feel, probably for the first time in CAFCASS' existence, that we are an organisation which can be trusted to deliver. This view of CAFCASS is also increasingly shared by the judiciary, the courts, local authorities and the voluntary sector. Our Corporate Directors, finance staff and professional and business staff have all made important contributions to this more positive assessment of CAFCASS

and we are grateful for their continued commitment to us in times which without doubt will continue to be challenging. We are finally becoming a 'normal' organisation – one with problems certainly, but no longer a 'problem organisation'.

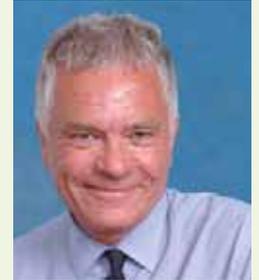
Much of the year has been occupied by the progress through Parliament of the Children and Adoption Bill and it has been pleasing to note that all political parties now appear to have confidence that CAFCASS can deliver this important new agenda, provided sufficient resources are made available.

Being more confident as an organisation has enabled us to look critically at our professional practice and our major consultation on Anthony Douglas' paper, *Every Day Matters*, has helped the whole organisation focus on the changes to our working practices that are necessary and deliverable. Change is not easy for any organisation, especially one which had such a difficult start, but we are helped to face it by focussing always on the needs of the children who are our responsibility. They need and deserve the most efficient, as well as the most effective service we can deliver and we are determined to ensure they receive it.

My two-year appointment as Chair of CAFCASS ended in December 2005. When the post was re-advertised I had no hesitation in re-applying and competing for the post. I was delighted to be appointed for another three years. It is far from being the easiest job I have ever done and no one is more aware than I of how far we still have to go to make CAFCASS the world-class organisation we know it has the potential to be. Stability of leadership is vital at this time and I look forward to working with our Board, staff and partners as we face the challenges of the coming year.



Baroness Pitkeathley OBE



CHIEF EXECUTIVE'S REPORT

The big 2005-2006 story is an everyday blockbuster about performance and finance – we balanced our budget and delivered more than the required level of efficiency savings without an increase in backlogs or delays. It was our number one objective and we made it! Behind that simple statement lay months of intense and often exhausting work for all of us in CAFCASS. We needed and received support from the whole family justice system, not just ourselves, as all agencies faced tough budget settlements and challenging targets. The same will be true in future years. We can now build on this achievement from a position of greater strength and confidence.

Many teams took cases from harder-pressed teams within regions, to ensure children and young people received a service as soon as possible. Staff worked even harder than usual to keep on top of the work, at the same time as the average case became more complex – easy cases were usually diverted before they reached court. The rise in care cases within our public law workload, coupled with the introduction of dispute resolution programmes for private law cases in every CAFCASS team, illustrate how demands on us are changing and how we are modernising our practice using early intervention and conflict resolution models. The complexity of what we are trying to do across the family justice system highlights the importance of cohesive multi-agency working at the national, regional and local levels.

In common with our partners, we will need to continue changing the way we work to manage the scale and nature of the demands upon us for promptly-delivered high quality services. Proposals to do this were set out in a major consultation paper, *Every Day Matters*, which attracted our biggest ever response – 129 written responses and over 100 consultation meetings. As the end of the year approached, the responses were being analysed, and we are planning a radical programme based on this strategy.

The changes we need to make are in line with the requirement for us to keep up to date with modern family patterns; to find new ways of responding when the demand for our service is increasing; to improve those areas where we know we need to improve; and most of all to respond to a developing understanding that children and young people should not only be the recipient and focus of our work, but deserve to be active players in the process.

In considering radical change, we always have to take our own staff and partner agencies with us, particularly the judiciary, in a built consensus. We are fortunate to have excellent working relationships with judges. Both judges and ourselves have a separate built-in structural independence to safeguard and promote the best interests of individual children. Our joint knowledge base is a vital source of support for children and young people living in some of the most difficult situations in the country, some at the peak of known distress levels.

We will have to collectively manage change well if it is to be successful. Many practitioners and managers experience 'change fatigue' and will find further change hard if it is imposed without a clear explanation of how it will bring benefits to individual children and young people or if it is introduced without adequate organisational development and individual training. Looking ahead positively, we will make sure those concerns are taken seriously.

I visited every CAFCASS team at least twice during the year, which meant I was on the road roughly two days every week. I also read reports on a weekly basis, to stay in touch with the work on the ground as best as I could. My senior staff did the same. We have also been contributing to all the major reviews taking place in the family justice system, such as the *Child Care Proceedings Review*, the review of the *Private Law Programme*, the *Looked After Children Green Paper*, and the various cross-governmental delivery boards for major programmes.

We all combine a strategic focus with operational involvement, which is vital for managers today who want to avoid the constant temptation to live in a parallel world of disconnected policy making. We have continued to develop the organisation, both through stronger leadership and management and through regional networks, such as our regional knowledge, learning and development network and our regional Children's Rights champions. Our main focus as leaders and managers is to raise standards, in order to secure the best possible outcomes for individual children and young people from the involvement of CAFCASS in their lives.

On the strategic side, we put in place a new performance management and quality assurance framework, an improved service in domestic abuse cases following a

critical HMICA inspection, and many other programmes which are set out in the body of this report. We have started the roll out of our new case recording system and have identified the funding to complete the roll out by April 2007. Far stronger procedures were put in place to manage the risks we face, and our systems for financial control have been strengthened. Our inspections and audits in these areas show major improvements during 2005/6, so we end the year with a stronger infrastructure. It is in front-line services that the bigger changes now need to take place, in order to meet the challenging national standards on which we are consulting.

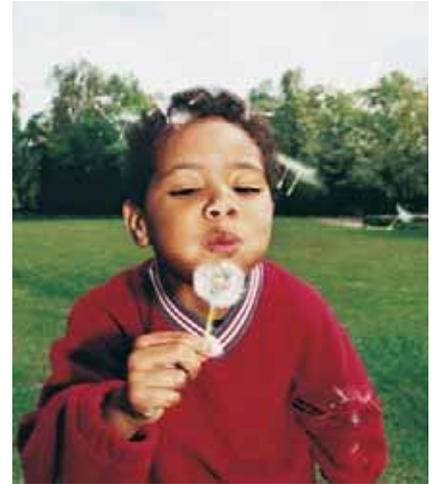
These national standards will attempt to describe the key features of a world-class service for children, young people and their families. We propose they become the national practice framework CAFCASS has needed for some time, setting out the principles of early intervention services, analytical report writing, case planning, and how to promote the active involvement of children in case planning which takes into account their needs, wishes and feelings. Many of our teams and practitioners work in this way already, so what is envisaged is to lift the standards of all to those of the very best.

I would like to place on record my thanks to our Board members, who have given us the benefit of their own specialist expertise across a number of vital strategic programmes; to our partner agencies including statutory organisations, our Sponsorship Unit in DfES and policy staff in the Department; to voluntary organisations and pressure groups, all of whom have influenced the way in which we are developing our services; and above all to our staff and self-employed practitioners who work passionately and tirelessly day in, day out, to try to get it right for the thousands of children and young people we have a brief responsibility for at a critical stage in their changing lives.



Anthony Douglas
Chief Executive

10 July 2006



ABOUT CAFCASS

CAFCASS champions the interests of children involved in family proceedings, advising the family courts on what it considers to be in the best interests of individual children.

CAFCASS' professionally qualified social work staff, called Family Court Advisors, (FCAs) work only in the family courts. Examples of matters that may be decided by family courts are:

- > when children are subject to an application for care or supervision proceedings by social services (public law); in these instances our FCAs act as Children's Guardians;
- > an adoption application (public law); in these instances our Family Court Advisors act as Reporting Officers;
- > when parents who are separating or divorcing can't agree on arrangements for their children (private law); in these instances our FCAs act as Child and Family Reporters or as Guardians ad Litem, if separate representation of the rights and interests of the child is required (Rule 9.5 cases).

OVERVIEW OF SERVICE PROVISION

In comparison with previous years (Figure 1), the number of overall applications to courts is reducing, which may be an indication that court diversion approaches are more successful. However, our resources have been fully stretched because of an increase in public law cases, in particular care cases, and by the continuing demand of Rule 9.5 cases, in which children in complex private law cases are separately represented. Both these types of work require approximately two to three times more resources than other work and have absorbed our practitioner capacity to its maximum.

Please note that CAFCASS Cymru, which covers Wales, has now been devolved to the Welsh Assembly so, for purposes of comparison, we have presented our figures for England only.

CAFCASS DEMAND TREND



figure 1

SUMMARY OF PUBLIC LAW WORK 2005-2006

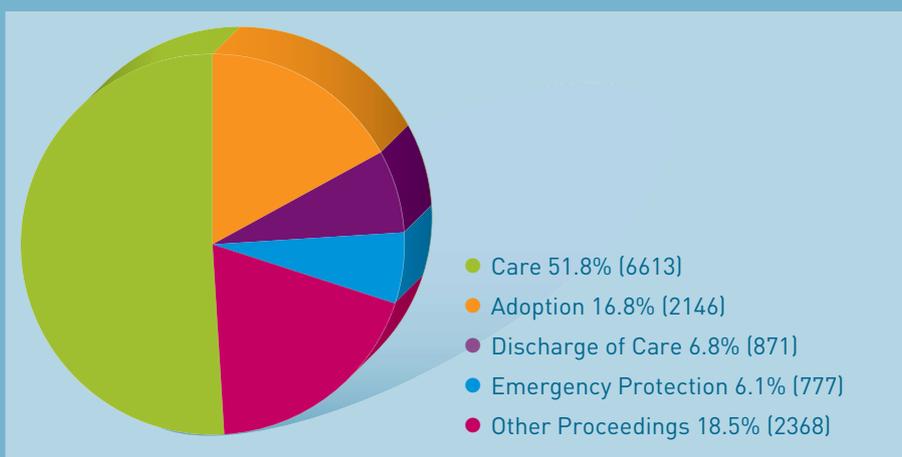


figure 2

PUBLIC LAW

When a local authority makes an application to court under the Children Act 1989, we are required by the court to provide a children's guardian who is a qualified and experienced social worker. The children's guardian is independent of social services, the court and all others involved in the case.

Figure 2 provides an overview of 2005-2006 requests by type of public law proceeding. Care proceedings made up the majority, accounting for just over half of requests. A care case will take, on average, nearly two and a half times more resources than a non-care case and this year we have seen an increase in care cases of 4.7%.

Overall, we responded to a total of 12,775 public law requests of all types during 2005-2006, compared to 12,440 in 2004-05, an increase of 2.7%.

PRIVATE LAW

Our approach to working with families in private law work is changing. We have worked with the courts and the judiciary to introduce alternative dispute resolution in family courts throughout the country in an effort to avoid contested hearings. We want to invest the time in working directly with families to reach agreement and reduce conflict, rather than writing lengthy reports for court. Research has shown that ongoing conflict within a family is damaging for children, which is why we are making this investment. In 2005-2006, our practitioners participated in 32,537 dispute resolution meetings, spending 43,322 hours on these cases.

Where agreements cannot be reached through dispute resolution, the Court is likely to order a full report on the welfare of a child or children involved in private law proceedings. This is done under Section 7 of the Children Act 1989 and the Court will clarify the specific areas for the FCA to cover in this report. A private law case can involve more than one type of order and frequently leads to more than one section 7 report. We responded to 26,144 requests for private law reports during 2005-2006, compared to 28,166 in 2004-05, a reduction of 7.2%. This suggests that our dispute resolution work as an early intervention measure is being successful and represents a major shift to preventative work across the English family justice system.

When a child is involved in a particularly complex and/or protracted private law case, he/she can be separately represented by an FCA, under Rule 9.5 of the Family Proceedings Rules (1991). The demand for these cases remained high (1035, after more than doubling in the two years from 2003-2005 to 1,079). There is some clear evidence that Rule 9.5 is an effective measure in resolving disputes and supporting children in some of our most complex private law cases.

CAFCASS is also involved in Family Assistance Orders at the end of proceedings as a way to provide social work support to families experiencing difficulties after separation or divorce. We responded to 645 Family Assistance Orders during 2005-2006, compared to 530 in 2004-2005.

Figure 3 provides an overview of the types of proceedings that made up the total of private law requests for 2005-2006.

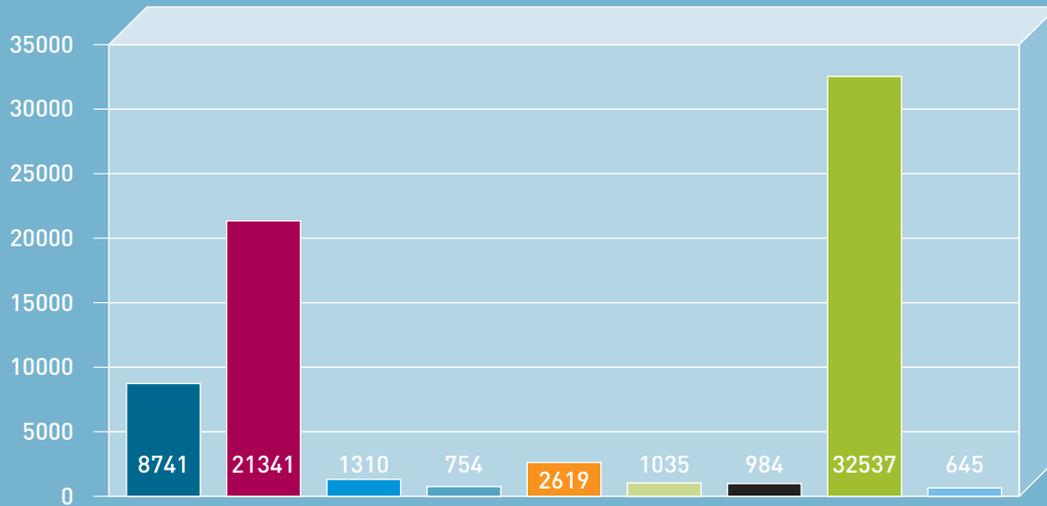
CHILDREN IN CASES

We promoted the interests of a total of 61,239 children and young people and this comprised 30,848 males (50.4%) and 30,391 females (49.6%). (**Figure 4**) This does not factor in the work we do with children and their families in dispute resolution and our support of contact centres. We estimate that we are involved with around 100,000 children each year.

» » Adoption

A mother's eighth child was removed at birth due to the history and findings in previous proceedings. The four oldest children were the subject of Care Orders and the three younger children had been placed for adoption in successive proceedings. The mother had a new partner and although there had been a history of serious domestic violence the couple impressed the local authority (LA) as being co-operative and attempting to resolve their problems, and rehabilitation was actively being considered. The guardian had been involved with the family over a period of some eight years including "Secure Accommodation" applications in respect of one of the older children. Following interviews with the parents she initiated more detailed enquiries of the police, which revealed further incidents of domestic violence and disputes which had not been communicated to the social workers. On receipt of this information the LA decided not to pursue a return to parents and made an application to free the baby for adoption, which was supported by the guardian. Throughout this time the guardian had responded to telephone calls from the older child who had been in a secure facility and subsequently placed outside the area. She needed advice about her mother's circumstances, which troubled her, and about maintaining contact with her siblings. This case illustrates the complexity of some families and the need to safeguard and support children in very different ways.

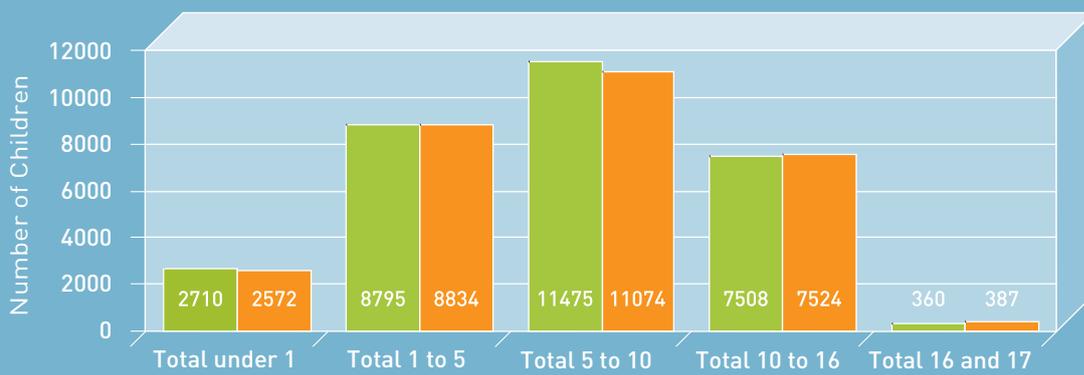
SUMMARY OF PRIVATE LAW WORK 2005-2006



- Residence
- Contact
- Specific Issues
- Prohibited Steps
- Parental Responsibility
- Rule 9.5
- Other
- Dispute Resolutions
- Family Assistance Orders

figure 3

CHILDREN IN CASES AGE AND GENDER PROFILE 2005-2006



- Male
- Female

Age

figure 4

>> Newcastle County Court Children's Conciliation Scheme

Working with the family courts, we launched the Children's Conciliation Scheme in the Newcastle County Court, last April. The scheme aimed to improve the level of service provided to service users, to reduce delay and to reduce the number of reports being requested of CAFCASS.

Individual Meetings (IMs), followed by some very focussed work are undertaken with families to endeavour to resolve the difficulties during the four week period between the IMs and the First Directions Hearing. A brief summary is available for the District Judge prior to the First Directions Hearing.

A review of the first 6 months found that over 82% of parents engaged in the work and it resulted in a 20% reduction in the number of reports. Service user feedback was extremely positive. The scheme continues to be valued by the courts and service users alike.

>> Child S

In a recent case, a CAFCASS lawyer acted for a newborn baby born with serious medical complications. An application was made by an NHS Trust to withdraw ventilation and withhold certain treatment if the baby's heart stopped.

The child's lawyer and guardian worked very closely, within a very short time frame, with the child's parents independent experts, treating medical staff, the trust mediator and the hospital family advocate service.

Sadly, the medical experts were unanimous that to continue the treatment (or to resuscitate baby S should it be discontinued) without the prospect of an alteration to or improving prognosis would not be in her best interests, but in fact may be cruel and intrusive. The Court granted a declaration in accordance with the guardian's recommendation and the child was successfully transferred from hospital so that she died at home with her parents.

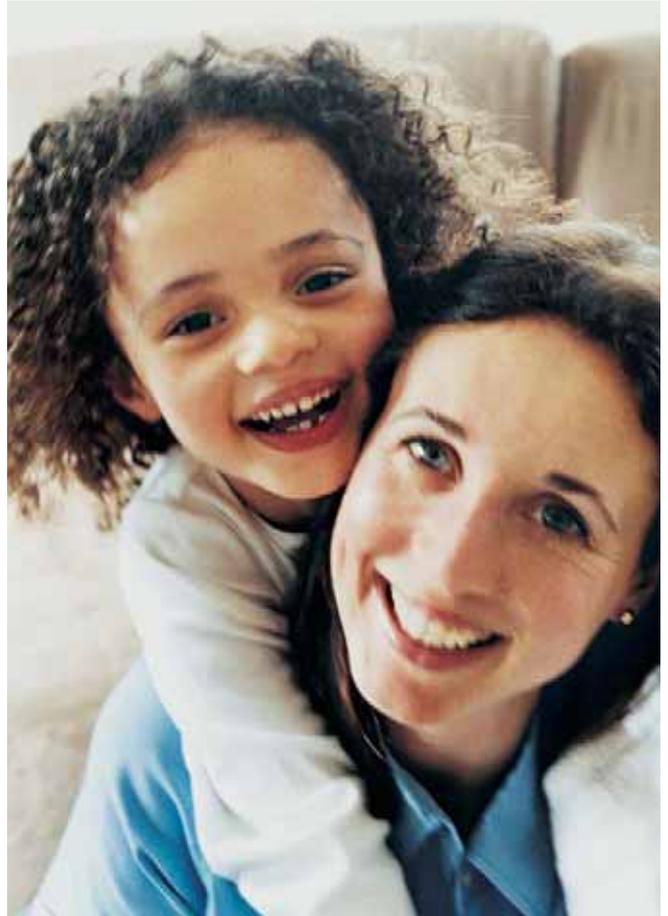
THE WORK OF CAFCASS LEGAL

In addition to the work carried out by FCAs, CAFCASS has a legal team with six lawyers who undertake various roles:

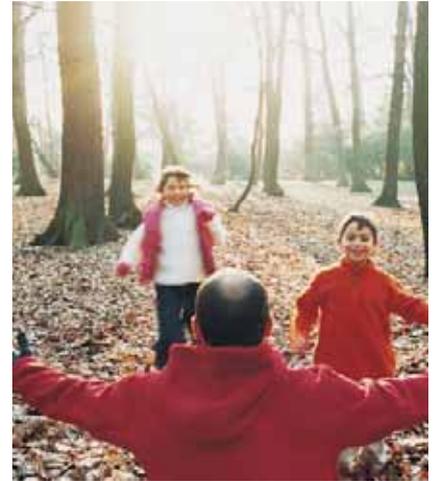
Children's High Court cases – CAFCASS lawyers undertake the legal conduct of specialist children cases such as medical treatment disputes and complex international cases. They also support the work of our FCAs in the CAFCASS High Court Team, which works with the most complex cases nationally, such as medical and complex international cases. CAFCASS Legal also operates a highly valued and well regarded advice line for all our FCAs, the judiciary and children law professionals and provide a 24-hour advice and representation service for out-of-hours emergency children cases.

Separate representation of practitioners – The six lawyers provide separate legal representation to guardians in proceedings where the guardian and the child are in conflict over what is in the child's best interests and the child wishes to instruct his or her solicitor directly. The lawyers will respond either by attending court themselves, instructing counsel if necessary, or authorising funding for the practitioner to be represented by a solicitor in private practice. Separate representation is not automatic and will depend upon there being a difference of opinion between the practitioner and other parties raising legally complex issues in the case, but always treating the welfare of the child as the most important issue.

Corporate support – CAFCASS Legal provides legal advice to the CAFCASS Board and National Management Team; handles litigation by or against CAFCASS, either directly or through external solicitors; and provide legal training for FCAs.



“Whoever
you live with,
you have ups
and downs with
them. No matter
whether they
are your dad’s
partner or your
dad’s frog!**”**



ACHIEVING OUR OBJECTIVES

We set out our ambitions in a two-year business plan for 2005 to 2007. Many targets have been met in 2005-2006 while some will take the full 2005-07 period to deliver, as the impact of both internal and external changes resulted in fresh priorities emerging during the year.

We have set two broad aims for 2005-07:

TRANSFORMING SERVICES AND MODERNISING PRACTICE:

our social work practice needs to be modernised to take account of contemporary research and practice models.

TRANSFORMING THE ORGANISATION: we need to play our part in delivering the vision for a radically modernised family justice system.

TRANSFORMING SERVICES AND MODERNISING PRACTICE

The work of CAFCASS is complex and can have a huge emotional impact on the lives of the children and families we work with. We want to ensure that our service reflects modern agendas and have four objectives to help us achieve this broad aim:

1. Improving outcomes for children in line with *Every Child Matters* (Being healthy, staying safe, enjoying and achieving, making a positive contribution, economic well being) by modernising practice.
2. Mainstreaming race equality and diversity in all our work, in particular in teams.
3. Developing a more highly trained and skilled workforce.
4. Supporting children and families and improving our services through working effectively with all our partners.

»» Early Intervention Teams

A number of CAFCASS teams, such as those in London, Norfolk and Bolton, have developed new early intervention approaches such as duty services. These enable the earliest possible assessment and analysis of a child's needs. Duty services are an example of new measures we are taking to avoid delay in providing a service to children, families and the courts.

At Lincoln County Court a model has been developed which includes an initial assessment, including any risk assessment, of each case at the first directions appointment. The presence of an on site FCA means arrangements can be agreed on the day, the Court has the benefit of being immediately able to manage the progress of any case, parents have the opportunity to resolve issues with support, and the wishes and feelings of children and their safety are being considered at an earlier stage.

As a result of this early intervention, the number of written reports now requested by the courts has been reduced and reports are more focussed. Overall, both children and their families now have the opportunity to resolve issues earlier.

»» Resolving Family Conflict

Parents of teenage children who had separated four years previously were receiving conflicting messages from their children about existing contact arrangements. The resulting recriminations and lack of trust threatened to undermine contact completely. A month's adjournment from court gave our FCA the time to explore with the parents and the children the reasons why the children were saying different things to each parent. The views and experiences of the children were fed back to the parents and a new plan was established, incorporating some suggestions from the children and some from each parent. A Consent Order was made at the next directions hearing and the parents reported that they felt they had regained control of the situation.

1. Improving outcomes for children in line with *Every Child Matters* by modernising practice

The broad-ranging proposals set out in a consultation paper – *Every Day Matters* – are central to achieving this objective. The proposals set out a new way of working with a focus on early and intensive intervention. The underlying principle is that, if we are to be effective, our involvement in children's proceedings needs to be as early and as decisive as possible – to work with the child and continue to focus on their needs.

The four-month long consultation, commencing in October 2005, was the subject of wide-ranging discussions with our staff and external stakeholders, including service user groups. In the coming year, we will be re-shaping our professional and organisational strategy in response to the outcome of this consultation. Many of our teams are actively working in this way already, serving as best practice models.

In the past year, Area Child Protection Committees have been changing to become Local Safeguarding Children's Boards (LSCB). CAFCASS is represented on each LSCB in England. We have established a Safeguarding Group with representatives from each region who have undertaken developmental work to prepare them for this important multi-agency responsibility. The new CAFCASS Safeguarding Framework has also been developed, incorporating a revised Child Protection Policy. It went out for external consultation during May 2006.

During 2005-2006, Her Majesty's Inspectorate of Courts Administration (HMICA) produced two important reports: *Safeguarding Children in Family Proceedings* (April) and *Domestic Violence, Safety and Family Proceedings* (October). We launched our domestic violence policy and associated toolkit in response to the findings of the report and stakeholders as well as the Inspectorate have applauded the policy and toolkit. This has now been rolled out across all CAFCASS regions and best practice in domestic violence work has been identified as a key training priority over the next three years.

We have also been working with other agencies such as the Local Government Association, Women's Aid, the Association of Directors of Social Services (ADSS) and the Home Office and have jointly produced commissioning guidance in relation to services for children and families where there are issues of domestic abuse. We have responded to changes in the law (Section 120 of the Adoption and Children Act 2002) and agreed protocols with the ADSS in respect of notification or referral of cases involving domestic abuse. Overall, we have increased the level of service in domestic violence cases and our guidance now requires us to offer all service users an individual appointment to ensure better safety planning for children and families.

This year has seen significant developments in how we work with separated families who cannot agree future arrangements for their children. The launch of the Private Law Programme, devised by the President of the High Court Family Division, was the catalyst for sweeping change in private law practice.

We responded by setting a target of working with family courts to have dispute resolution schemes in place across all family courts in England. We have achieved this. We are now closely monitoring the success of our dispute resolution schemes.

The Children (Contact) and Adoption Bill, once implemented, will put in place a number of measures which will reduce the need for CAFCASS reports and lead to more face-to-face case work with children and families. We have been actively preparing for this Bill, developing services such as a stronger commissioning function and the establishment of a new family support worker role. Dispute resolution also forms a key part of the overall framework.

>> **CAFCASS and Women's Aid in Rotherham: a partnership which has resulted in improved safeguarding for children**

An effective working partnership has been established between the local CAFCASS team and the Rotherham Women's Refuge Children and Young People's Service. It improves understanding of respective roles, develops better lines of communication, identifies good practice and tackles difficulties and gaps in practice and local service provision.

Feedback questionnaires have been jointly developed for use with children and parents involved with CAFCASS where domestic abuse has been a feature. This feedback is being used in our supervision of individual FCAs and in training to improve our practice. We have also used this information to develop a local information leaflet, which we will make available to people attending court, which contains information about the layout of the office and how safety considerations will be addressed in cases where there is domestic abuse.

>> **Helping Parents After Separation**

A four-year-old girl had not seen her father since an acrimonious separation four months previously. He was now in a new relationship and her mother had so far resisted contact on the basis that he wanted overnight visits, including an introduction to his new partner. The dispute resolution meeting went ahead as there were no child protection or safety concerns. The meeting gave an opportunity for the parents to explain their respective fears. This was an emotional and tense meeting. Our FCA encouraged the parents to move beyond their own relationship conflict to focus on their ongoing role as parents and they talked about this for the first time since separating. They agreed a phased programme of contact gradually building over three months to overnight stays with a court review after this.

**“ I felt
like turning
to things I
shouldn't
to switch
off.”**

2. Mainstreaming race equality and diversity in all our work, in particular in teams

Family life throughout England is changing all the time. Reconstituted families, dual culture marriages and 'living together apart' relationships are examples of that change. In our work we can no longer make assumptions about the impact of these changing lifestyles on the children and young people we work with.

We have put diversity at the top of our agenda and developed a five-year Equality and Diversity Strategy, to ensure that our work in CAF/CASS promotes equality in race, gender, disability, sexual orientation, age and religious faith. This strategy, supported by an action plan, has at its heart our goal of building an inclusive organisation that promotes diversity in our services and our work environment and values difference – of experience, culture and background.

We will achieve this over the next five years, in an incremental way, taking stock of our progress and updating our strategy in line with organisational changes as well as changes in society and legislation.

We held our first national diversity conference in November 2005, which saw around 180 people gathered at the NEC, Birmingham. Attendees included representation from external organisations such as our Inspectorate, the Department for Education and Skills, the Department for Constitutional Affairs, unions and professional associations. The range of workshops covered all aspects of diversity and it launched our five year Equality and Diversity Strategy, setting out our ambitions. A video recording of the event, including footage from keynote speakers and some workshops, was sent out to all offices so that those unable to attend on the day could benefit from the insights.

In 2005-2006, we have made good progress against our key diversity objectives:

Leadership – we are putting equalities and diversity on the agenda from the top of the organisation and have nominated a Board member and a Corporate Director who actively champion diversity within the organisation. The National Equality and Diversity Steering Group (NEDSG) was re-launched with a dynamic and active work plan and all regions now have a regional diversity forum in place.

Service delivery – we want to ensure the services we deliver meet the needs of the diverse communities we serve. We have dedicated our time and attention to achieving this through national and regional diversity conferences, training, workshops and discussions at team meetings. We are improving our understanding of the diversity of our service users through monitoring, although we still need to make substantial progress in this area. This will include working with our partners in the courts to gather accurate data, using the information to understand the gaps in our services and addressing these.

Mainstreaming – we are ensuring that equality and diversity are integral to all our strategies, policies and plans and ensuring behaviour matches our vision. Our NEDSG has supported the development and implementation of a number of key policies and guidance, both affecting our workforce and the delivery of our services. For example, equal opportunity recruitment and retention, a service user diversity policy and guidance for working with interpreters.

Inclusivity – We are developing a broad and inclusive focus across all equalities issues, ensuring that our working practices, policies and procedures do not discriminate on the basis of race, disability, gender, religion, sexual orientation or age. We carried out a review of our Race Equality Scheme and have incorporated our duties within our five-year Equality and Diversity Strategy, which is forward-looking and prepares us well for forthcoming legislation such as the Equality Act 2006.

3. Developing a more highly trained and skilled workforce

CAFCASS is a leading employer of social workers, committed to ensuring that our standards are ever higher. We have been developing our five-year knowledge, learning and development (KLD) strategy with the support of three of our Board members. This strategy signals an important shift in how we approach our objective to develop a highly trained and skilled workforce, which is informed by best practice and will support the vision and principles of our new professional strategy.

Despite budget constraints, we have made progress on a number of high impact, low cost initiatives such as:

- the development of a Family Justice Specialist Post Qualification (PQ) award linked to the national regulatory framework for social work;
- increasing our knowledge and research basis, led by the work of our Research Co-ordinator with evidence-informed practice being embedded in each region;
- commissioning a library and information service from Barnardo's which will be operational from 2006-2007;
- devolving the KLD function to our regions, with clearly identified regional leads as training needs are best identified and met locally;
- the appointment of a KLD Network Manager to support national and regional KLD functions;
- personal development plans for staff feeding into regional and national training needs analyses;
- the registration of all appropriate courses for the Law Society's continuous professional development points.

In addition we have secured provision of PQ courses with Higher Education establishments.

In the year ahead, key areas of work will include a three-year domestic violence training programme, comprehensive accredited training for management and business support staff, information and technology training and further work on PQ awards.

We delivered courses and events in a number of key areas to develop and support our workforce:

- supporting staff to implement the Adoption and Children Act 2002 in December 2005;
- promoting and enhancing the understanding of and working with diversity;
- four national conferences focussing on the latest research findings, private law, diversity and the voice of the child, the latter in partnership with Children Law UK;
- foundation training for new practitioners and service managers;
- development of a training pack for new administrative staff;
- a range of development opportunities for business support staff such as managing change, supervision and appraisal skills and training on specific IT programmes;
- equal opportunity recruitment and selection training for all our managers;
- developing our service managers through programmes on leadership, managing change and briefings on contract management;
- a range of dispute resolution training around the common principles of problem solving, keeping children safe and allowing their voices to be heard – both the training and the dispute resolution schemes are being evaluated on an ongoing basis;
- CAFCASS lawyers delivered 32 legal roadshows covering key topics and courses on legal skills on how to work effectively with solicitors.

The appropriate use of research knowledge is a key element for any social care agency in improving the service it offers its users. Led by our Research Co-ordinator, CAFCASS works hard to update staff on the latest research through a regular Research and Practice Digest, an annual research conference and research seminars. At a national level this excellent digest has been made available to national and local Family Justice Councils and has been very positively received.

CAFCASS has developed a partnership with the Social Care Institute for Excellence (SCIE) on a number of fronts including the use of the Social Care Online database to make the Practice and Research Digest more accessible and functional.

We are a unique organisation. Our data can help inform policy and practice within the Family Justice system and we are keen to assist those within and outside CAFCASS to undertake appropriate research. A research governance framework has been developed which sets out the principles on which research can be undertaken within CAFCASS and the process for making applications. We are supporting two PhD studentships on CAFCASS services for black and ethnic minority families and children and families where there is domestic violence. Productive links are in place with the NSPCC regarding research into children's views.

We supported 34 members of staff through our sponsorship fund to gain external qualifications. These were available to all categories of staff, with black and minority ethnic applicants gaining 23.5% of the places. Our limited budget meant that we were unable to support all applicants, but the popularity of the sponsorship programme points to a learning culture within CAFCASS that is well established.

Following the success of the 2004-05 practice learning programme in the Northern regions, opportunities for social work students to gain practice experience within CAFCASS are now being provided in all regions, with 33 students having full assessed placements and a further 14 shorter observational placements. With Practice Learning Coordinators now in place in most regions we plan to develop our capacity to exceed this figure next year and hope all teams will be in a position to contribute by the end of 2007-08.

**Comment on Research and Practice Digest –
“... a star in the CAFCASS firmament ...”**

Self-employed practitioner on CAFCASS smartgroups



Freya, a child who designed our latest Christmas card says, “I am an individual and every individual should be treated with respect”.

4. Supporting children and families and improving our services through working effectively with all our partners

This year we have both strengthened our existing partnerships and entered into new alliances with agencies who share a common purpose with us. We are major contributors to 185 voluntary sector partnerships and give our expertise, time and resources to other major alliances. We not only want to learn from others but share our knowledge and expertise to promote better services and outcomes for children and families.

A fundamental strand of our partnership working is the concept of relationship management. We have appointed relationship managers, key named individuals within CAFCASS, who support our relationship with the partner organisation or individual.

During the year we funded our partnerships with the voluntary sector and contributions to the 150 Area Child Protection Committees across England at a cost of just under £1 million.

TYPE OF PARTNERSHIP 2005-2006

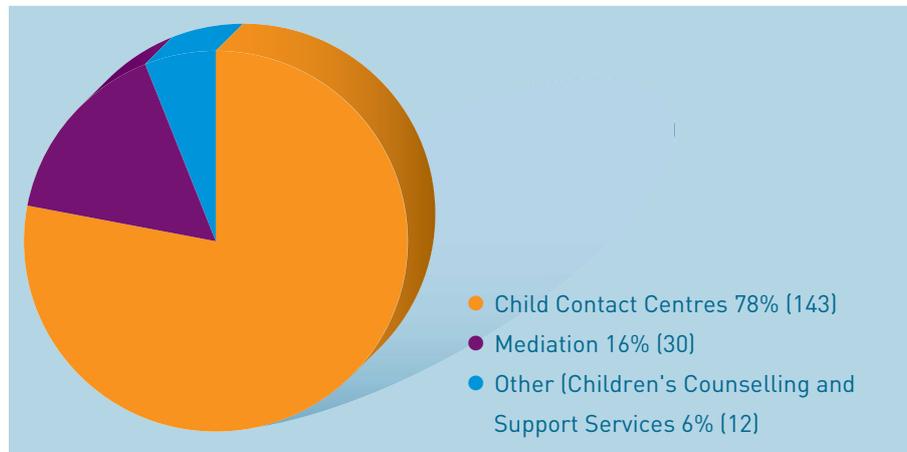


figure 5

NB: Contact centres are neutral venues where children in separated families can enjoy contact with one (or both) parents and sometimes other family members in a comfortable and safe environment when there is no viable alternative.

Figure 5 shows the type of partnership agencies we funded, during 2005-2006.

We have developed a wide range of strategic partnerships and policy alliances with the voluntary and statutory sector at national and local levels, several universities and research establishments. For example, we are working with the Children's Commissioner, social care inspectors and organisations who are members of the Children's Rights Officers and Advocates. We are also developing risk assessment models with National Children's Bureau. CAFCASS is a member of the Child Centred Practice Alliance, which works together to promote and develop good practice for all looked after children. Additionally, we revisited and strengthened our partnership protocol with the National Association of Child Contact Centres (NACCC) and developed one with National Youth Advocacy Service (NYAS).

The Service User Interest Group, which includes representatives from groups and organisations with an interest in our work, continued to meet quarterly. In the forthcoming year we intend to review the role and purpose of this group, including a greater emphasis on involving children and families and a broader range of groups who represent users of our services.

CAFCASS is now represented on the national and all the local Family Justice Councils (FJC) and has made a large contribution to the inaugural conferences. On both these and on the Local Safeguarding Children's Boards agendas, we are using our particular focus on the vulnerability of children subject to family law proceedings to ensure relevant issues about safeguards and family justice are discussed. Meeting the resource demands this places on us as an organisation is a considerable challenge, but we are currently honouring our commitment to do this.

We are working with the Children's Workforce Development Council (CWDC) to ensure that the children's workforce has the appropriate skills and qualifications, to increase recruitment and improve the retention of high quality employees. We have a seat on the Board of CWDC, which enables us to develop links across the children's services sector and both learn from and contribute to the Government's agenda for developing the workforce.

>> Working with others in the family justice system

Around a hundred solicitors, judges, social workers and CAFCASS staff attended a series of multi-disciplinary events in Manchester and Liverpool, our North West region, in the past year. Working through case examples, the initial focus was on what added value there was to making a child a party in private law proceedings (Rule 9.5 proceedings).

These events concluded that making a child a party in residence and contact disputes was not a panacea or magic wand but resulted in a strong combination of a legal and social work team, with an enhanced authority, working on behalf of the children to assert their needs and views.

The outcome of these seminars and some in-house evaluation of 60 completed cases (none of which had returned to court) featured in an article by a service manager in *Family Law* in November 2005.

Further seminars took place on domestic violence and the role of Finding of Fact hearings and a full programme is planned for this year.

>> Links with the local Muslim community in Bradford

In Bradford, staff attended a University of Bradford course entitled 'Working with conflict in Muslim families'. This gave them the opportunity to meet with the local religious scholars to inform and explore how the English justice system sits alongside cultural and religious issues for Muslim families experiencing separation and divorce.

Links were established to consult with local scholars and act as mutual advisors. A seminar is planned to consider the impact of private law matters in an Islamic context, with a local Imam speaking. In addition a seminar is also planned with local solicitors who have an Asian client base to inform and explore the work of CAFCASS.

TRANSFORMING THE ORGANISATION

CAFCASS provides a vital service to children and families in the court setting and we need to play our part in delivering the vision for a radically modernised family justice system.

As for our previous aim, we have set out four objectives to help us achieve our aim of transforming the organisation:

1. Becoming a more strategic organisation in order to represent children and their interests
2. Strengthen leadership and management at all levels
3. Develop a workforce strategy to recruit and retain a flexible workforce which better reflects the communities we serve and makes CAFCASS the employer of first choice for professionals in our sector
4. Being more efficient and adding value in all we do.

An annual appraisal is the right of every member of staff. In the first year of our new appraisal system we have monitored progress across the organisation. The performance framework and the appraisal system was discussed with every team during visits by a corporate director or a senior manager. In seven regions and the national office around 90% of appraisals have been completed. We will continue to embed this next year.

1. Becoming a more strategic organisation in order to represent children and their interests

We believe that services should be provided and managed as locally as possible if they are to be effective. To achieve this, we completed the restructuring of our national office and devolving functions to our regions, which we had begun during 2004-05. We also divided one of our larger regions in the South East into two regions, to ensure more local management and delivery of services.

We now have 10 regions in England and have devolved key functions such as knowledge, learning and development, health and safety, management of complaints and human resource management. Essentially, this has left us with a much leaner, more strategic national office and a strengthened capacity in the regions so as to be able to deliver these functions more locally. For example, new complaints managers have been appointed to all regions. This establishes for the first time a national team of complaints managers available to respond to, assist and learn from the responses to comments, compliments and complaints received about CAFCASS services.

We have laid the foundation for transforming our services and our organisation by developing and consulting on a number of key strategies, frameworks and policies. During 2006-2007 we will be implementing and embedding these within our working practices.

We have taken active steps to make our management process more transparent and accountable and strengthened our performance reporting. We now publish monthly statistics for internal monitoring and management purposes and for our external partners and stakeholders. We place all corporate decisions and performance reports on our intranet.

Through our new quality assurance feedback forms and our Comments, Compliments and Complaints procedures, we are actively encouraging service users and stakeholders to tell us about their experiences, so that we can learn from the feedback we receive.

Children's rights

We are working towards full implementation of the United Nations Convention on the Rights of Children (UNCROc), by supporting, empowering and safeguarding children and their interests through the framework of *Every Child Matters*.

The appointment of a national Children's Rights Director and Children's Rights Champions in each region demonstrated our commitment to ensuring that the wishes and feelings of every child we work with are heard and considered. New arrangements have been established to ensure that all children or young people who want to give us feedback are helped to do so, in age appropriate ways. This includes the use of 'Viewpoint' an interactive computer program, which surveys the views of the children and young people who have used CAFCASS services.

In the past 12 months we have been committed to the development of services, which provide information, consultation, support and representation to the children who use our services. We are establishing a network of children's advocates to support children and young people and we are proactively involving children in service development and organisational planning and thinking.

Our network of children's rights champions have been instrumental in maintaining a focus on the voice of the child in our daily work.

Yorkshire and Humberside's regional Children's Rights Champion has proactively developed a partnership approach between CAFCASS and partner agencies such as Child Line, Leeds Participation Network and the Leeds University.

The North East and the South West regions held regional conferences on the voice of the child and brought the issues into sharper focus through the workshops run that day.

2. Strengthen leadership and management at all levels

A stable leadership both at Board and corporate management level has been a defining feature of this past year with CAFCASS. They have provided both vision and direction for CAFCASS.

We have streamlined our systems to appraise staff and everybody from the Chair and the Board, the Chief Executive, the Corporate Directors to our practitioners and business support staff are included in this process. Our appraisals show a clear link, 'the golden thread', from the corporate, regional and team aims, objectives and priorities to the jobs that people do, so that teams and individuals understand what they personally have to do in order for CAFCASS to deliver an excellent public service.

We are reviewing the role of our service managers, who are our first-line managers, key players in our leadership network and a vital link in the delivery of our services. We understand and acknowledge that their role needs to change to respond to the transformation within CAFCASS and work on this will continue in the coming year.

We are streamlining our business support functions so they more accurately reflect the new tasks that a modern CAFCASS requires. To this end we have been reviewing the job functions of our administrators and other business support staff. We will complete this review during 2006.

>> Involving young people in recruitment

In an exciting new move to develop children's rights and child participation within CAFCASS, the North West region, our Children's Rights Group and Human Resources worked with the Lancashire Children's Rights Group to pilot a scheme that enables young people to play an important part in the recruitment of our FCAs. As part of two initial assessment days, candidates were asked to explain their role in a private law situation, as if they were meeting a young person for the first time. The candidates were then rated against four different criteria. If a candidate did not achieve a minimum score on any one criteria they failed that part of the interview and were not invited back for a formal interview. It was an extremely interesting and stimulating process and the young people provided valuable feedback. "I really enjoyed it and it's been a good experience", said one of the young people from Lancashire Children's Rights Project.

"The children on the panel took their task seriously and asked some really interesting and challenging questions – I was almost disappointed when we ran out of time!" – a candidate.

In the last twelve months over 15 practitioners were recruited in this way.

>> Sharing Resources

The Newcastle Area Child Protection Committee (ACPC) approached its members to find out if they had resources for domestic violence training, as the city planned to deliver a new training course on the subject.

As a member of the ACPC, CAFCASS was able to send through the course outline from training we had developed on this important topic. This was very well received, and is to form the backbone of the new ACPC course.

>> Service User Feedback

The children's guardians in our Lincoln team send out feedback forms to parents, local authority social workers and solicitors at the time of the final hearing. The covering letter sent with the forms stressed that it is not part of the complaints procedure. More responses were received from social workers and solicitors than from parents. The completed feedback form was returned to the service manager who arranged for the practitioner to receive a copy. The questionnaires were used in supervision and appraisal to address learning points.

3. Develop a workforce strategy to recruit and retain a flexible workforce, which better reflects the communities we serve and makes CAFCASS the employer of first choice for professionals in our sector

The most successful organisations empower their staff and focus on high levels of employee satisfaction as a basis for delivering quality services. To achieve this and to ensure we have a workforce which is delivering social work of a high standard, we have begun work on a number of different strands. One example of this is a world-class recruitment process, which incorporates international best practice and a focus on reviewing and changing job roles so that they match the change in working practices which we want. We will continue this transformation in the coming year through a leadership development programme, a strategic pay and reward review and providing strong motivational leadership at all levels.

All managers have been trained to apply the recruitment code, which embeds attention to safeguarding within the process. All our FCAs are registered with the General Social Care Council, the regulatory body for social workers and Criminal Record Bureau (CRB) checks have been completed in respect of all current staff.

The national average turnover for our employed FCAs is 4.9%, which is low for a social work organisation. We know from internal research carried out with our practitioners that there is a high level of satisfaction with the work we do in CAFCASS. However, despite low turnover generally, there are significant issues about recruitment and pay in some regions. We are working to modernise our pay and reward structures so that we are better able to recruit and retain staff in all regions. We have a clear understanding of the issues facing us and are developing a workforce strategy to address these.

We have developed competences to support the clear understanding of our roles and responsibilities. In 2005-2006 we developed generic competences for all staff and technical competences for FCAs and for Service Managers. In the coming year we will be developing these further to cover all job roles.

We recognise that for optimum flexibility and integrated practice the service requires a staff group skilled in all areas of work and able to respond to shifts in demand and pressures of work. We have reviewed with the Trade Unions the outcome of our policy to equip our FCAs with the skills to practice in both public and private law. In some areas, although backlogs of work have reduced the capacity to free up staff to learn new skills, this remains a service imperative.

During 2005-2006 we continued work started in the previous year to redistribute regional budgets in line with workload demands. This has meant some regions have been able to increase the number of staff on the front-line while others have been set targets to reduce spending and improve productivity. Regions have had more flexibility as to how to deploy the budget and have been able to move funding between employed, bank or self-employed contractors to meet service demands, on a value for money basis.

In Bradford, the office has six staff with Asian language skills – two FCAs, two support staff employed as interpreters and two business support staff, one of whom has been recruited as a receptionist. The receptionist also acts as a chaperone for women when appropriate, either to accompany male FCAs on home visits or support Asian women in the office setting. Most recently we supported a bid from Families Forward, who run a supervised contact and assessment service, to enable them to pay for a worker with Asian language skills. In the long term, the Bradford office is working towards establishing a contact centre specifically for Muslim children and families.

In the past, agency staff had filled a significant number of our administrative posts. In 2005-2006 we reduced our spending on agency staff by approximately £1 million and the end of year snapshot indicates that 44 administrative posts previously subject to temporary cover have been filled by permanent employees, resulting in ongoing cost savings and increased workforce stability.

An additional 26 FCAs were in post at 31 March 2006 when compared with 31 March 2005. This has been funded from within our total workforce budget for self-employed, bank and permanent staff.

The bank staff scheme has proved to be particularly attractive to staff retiring from full-time employment in 2005-2006 and we have increased the total number to 142 this year. They provide a degree of welcome flexibility to the workforce and between them the current group have completed the equivalent workload of 37 whole time staff.

We know that our workforce is ageing, with 54% of our employed staff over the age of 50. We have a commitment to make our workforce more representative of the communities we are working with and our workforce strategy will reflect this commitment.

A snapshot of staff diversity monitoring figures as at 31 March 2006 show that of the 2,068 employed staff, 9.2% (190) are from Black and Minority Ethnic (BME) groups, of which 2.6% are Asian, nearly 5% are Black and 1.6% are from mixed and other ethnic groups. The total figure is up from last year's snapshot figure of 8.6% (169). **Figure 6** shows a break down by job roles. Monitoring also shows that 14.4% of starters and 11.9% of leavers this year were from BME groups.

CAFCASS follows the Civil Service Code of Practice on the Employment of Disabled People, which aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement is based solely on ability, qualifications and suitability for the work. A slight decrease in the numbers of staff with a disability was recorded in 2005-2006, 5.8% (120) compared to 6.3% (124) in 2004-05.

As part of our new Employee Assistance Programme, our employees can call Confidential Care, a free confidential advice line which offers support and counselling 24 hours a day, seven days a week, year round. During 2005-2006, 80 employees were supported through this new service, representing 4.2% of the employed staff, well within the average range of 3-6% across other organisations that use this scheme.

The National Equality and Diversity Steering group has made links with the National Disabled Staff Support Network (NDSSN) run by NAO which will ensure that we can provide good support for our disabled staff. The NDSSN's remit covers training, technology, policy and strategy and planning for the Disability Equality duty.

CAFCASS BLACK AND MINORITY ETHNIC STAFF BY JOB GROUP

JOB GROUP	TOTAL	BME	% BME	% ETHNICITY NOT SPECIFIED
Practitioners*	1381	115	8.3%	3.3%
Support Staff**	510	63	12.4%	1.6%
Service Managers	131	8	6.1%	1.5%
Senior Managers***	46	4	8.7%	0.0%
TOTAL	2068	190	9.2%	2.7%

* Includes Employed FCAs, Bank Scheme and Sessional Workers

** Includes Admin, Senior Admin, Admin Managers, Specialist Staff, PAs and Business Support

*** Includes Board Members, Corporate Directors, Regional Directors, Heads of Service and Business Managers

figure 6

4. Being more efficient and adding value in all we do

We started 2005-2006 with the same levels of funding as in the previous year. A budget with no growth meant that we needed to carefully review and monitor spend from the beginning of the year and a Budget Taskforce was established to scrutinise all areas of expenditure. Some tough decisions were made, including stopping spending on all but essential repairs to properties, suspending plans to upgrade our IT infrastructure and to roll out our Case Recording System. We also had to restrict the training budget and recruit to business critical posts only. The 2005-2006 budget remains as a baseline budget for 2006-2007, and in the forthcoming year the Budget Taskforce will continue to operate with even greater emphasis on reducing spending wherever possible and sharing good practice in order to improve efficient and effective ways of working. We also submitted a business case to support IT improvements and our change programme and have received one-off funding of £4.7 million, which will support a programme for transforming the way we work.

We have an estate of over 100 properties, 14 of which we own. In addition we also make use of a range of interview facilities in courts and with partner organisations. We have developed a property strategy to set the strategic direction for acquisition, retention and disposal of property, which aims to make full use of flexible working, the benefits of new technology and improved facilities for service users and our staff. We will implement this strategy incrementally over the next five years, in line with budget constraints, and pilot some new and innovative ways of working in the forthcoming year.

We appointed a permanent Head of Business Development, who has fully researched and updated our IT strategy to focus on the key operational requirements. This has culminated in a successful bid for capital money to DfES to upgrade our infrastructure and purchase new IT equipment to support more flexible ways of working and improvements to our telephony and business processes. Roll out of the Case Recording System will follow on a region-by-region basis by April 2007. This will significantly enhance our ability to report on our performance and the outcomes of our work with children and their families. CAFCASS will also be implementing an electronic document management system during 2006-2007. The system will be used for the controlled creation and deployment of all policies, procedures and case reports.

Procurement is one of the functions we have successfully devolved to our regions. The East Midlands region, which leads on this national function, working with the Head of Business Development, has fully reviewed all our current contracts and we will be conducting a re-tendering exercise for the "top ten" in terms of value. Our procurement procedures are being updated with particular attention to contract management and a designated relationship manager will ensure that we derive maximum benefit and value for money.

The Liverpool courts have been housed in a new building, City Square. The CAFCASS service manager in Merseyside has worked alongside the courts during this new development to secure accommodation for CAFCASS in the building to enable a better dispute resolution service from the courts.

"We are extremely fortunate in Liverpool to have court staff and judges who are committed to working collaboratively with CAFCASS"
says the Service Manager.

A significant portion of our workforce is self-employed. We have been renegotiating our contract arrangements with them, based on good practice in commissioning. We aim to complete this work during 2006, supporting it with a number of tools and guidance for our contract managers.

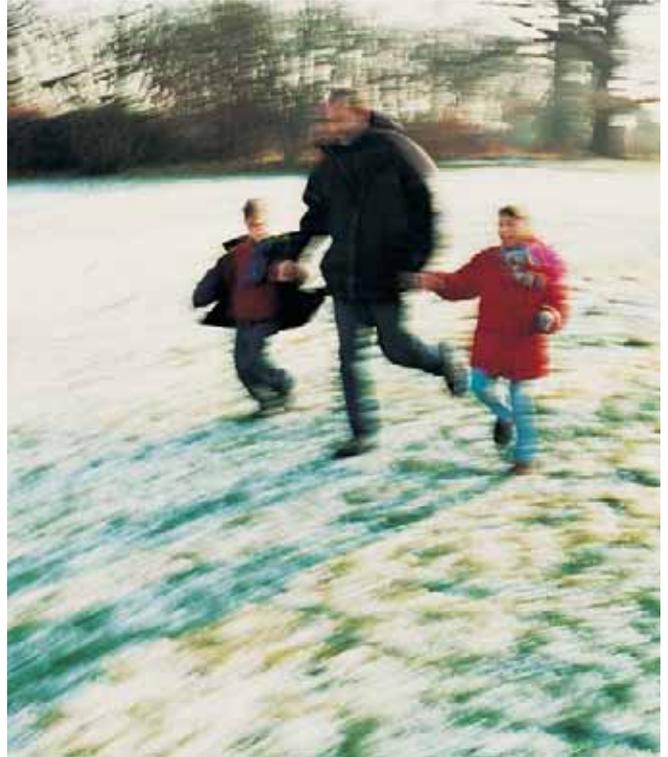
Good governance and robust risk management are core to our public accountability. We have held eleven Board meetings, including one which was open to members of the public. Our newly developed risk management policy and supporting guidance covers both the identification and management of the strategic risks and the operational risks which impact on the whole business. We have developed a corporate risk register, identifying our risks against each of our objectives.

CAFCASS is required to contribute to the Government's review of efficiency in two areas. These are savings, without a reduction in quality, based on 2004-05 expenditure, over a three-year period to 2007-08 in:

- > frontline expenditure (7.5% or £6.5m) and
- > back office expenditure (15% or £1.6m).

Frontline efficiencies can be demonstrated by either a reduction in spend or an increase in output. This year we had a notional target of £2.2m. As we were operating on a standstill budget during 2005-2006, we can demonstrate savings of approximately £2-£3m by meeting pay awards, increments and inflationary costs within existing resources.

The back office efficiency relates to non-front line functions and is a real term reduction in expenditure. This year we had a notional target of £0.51m and we have delivered savings of over £1.7m, exceeding the three-year saving in year one. The reduction has been achieved through the restructuring of our National Office and the devolvement of a number of functions to the regions. The efficiencies have been redirected to frontline services.

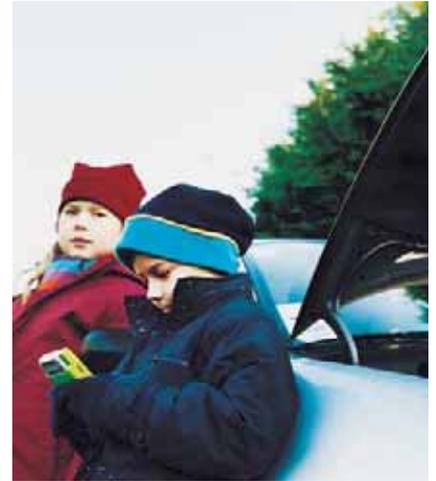


CAFCASS' budget allocation for 2006-2007 is fixed at the 2005-2006 level, with no firm allocation for 2007-08. The 2007 Comprehensive Spending Review (CSR) will cover allocations for three years, 2008-2011. CAFCASS is in the process of finalising its new professional strategy, which will inform our future financial strategy submission to DfES as part of the CSR submission.

In September 2005 CAFCASS established a full accrual accounting system, supported by training and guidance for staff. Substantial progress on this has allowed us to forecast our expenditure more accurately and our financial reporting reflects this. During 2005-2006 the system of budget delegation to the regions has been extended to front line teams, moving the decision making to local levels. This is a significant change in practice in some areas and has been supported by local financial training.

“ I never
think “God
I wish they
were together”
because I
don’t. Honestly,
I really
don’t.”

HOW WE MET OUR PERFORMANCE INDICATORS



Our staff have responded to the challenge of meeting targets which have been stretching, during a period of change and within a budget which had no growth. Progress against our eight key performance indicators, as agreed by the Secretary of State for Education and Skills, is charted below.

Key Performance Indicators

KPI 1 – By March 2007, 70% of allocations during the month for Section 31 (care and supervision) cases should be within two days from receipt of request (Figure 7).

49.9%

Partially achieved



The comparative figure in 2004-05 was 49.6%. East Midlands achieved this KPI with (90.9%). Four of the remaining nine regions were on target meet this KPI. We aim to improve on this during 2006-2007.

In September 2004, a Judicial Protocol was introduced to reduce delays in public law care proceedings and to complete care cases within 40 weeks. CAFCASS' contribution to the achievement of this judicial target is to aim to allocate 70% of our cases within two working days from receipt of request. This is an ambitious target and one we hope to achieve through radically changing the way we respond to referrals and through early intervention as set out in *Every Day Matters*.

<p>KPI 2 – The number of private law reports unallocated less than 10 weeks before court filing date for the month should be no more than 4% of the workload (Figure 8).</p>	<p>3.0% Achieved and improved from last year </p>	<p>The comparative figure in 2004-05 was 3.9%. The Regions have performed well against this indicator. Seven out of our ten regions met the KPI.</p>
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To avoid delay in private law proceedings, we have agreed a standard minimum period of 10 weeks within which we allocate cases before the filing date. We have consistently met the target of no more than 4% of the entire private law workload to fall outside that standard.

<p>KPI 3 – At least 98% of all public allocations each month for all case types should be within 28 days of receipt of request (Figure 9).</p>	<p>91% Partially achieved </p>	<p>The comparative figure in 2004-05 was 92.2%. East Midlands achieved this KPI with 99.9%. Six out of the remaining nine regions were on target to meet this KPI.</p>
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As with KPI 1, this target helps us to monitor that our public law work is being promptly allocated and early intervention work carried out to meet the requirements of the Judicial Protocol. This also helps us to ensure that other public law work such as adoption cases and supervision orders are not delayed.

<p>KPI 4 – No more than 3% of the public law workload should remain unallocated at month end (Figure 10).</p>	<p>2.7% Achieved </p>	<p>The comparative figure in 2004-05 was 2.6%. The regions have performed well against this indicator. Seven out of ten regions met the KPI.</p>
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To avoid delays in public law proceedings of all types, we have set a standard that no more than 3% of our workload should remain unallocated at month end as a snapshot. We have consistently achieved this standard despite increases in care cases, which take 2.5-3 times more time than other public law work such as adoption and supervision orders.

PUBLIC LAW – SECTION 31’S ALLOCATED WITHIN 2 DAYS (KP1)



figure 7

PRIVATE LAW – WORKLOAD UNALLOCATED LESS THAN 10 WEEKS (KPI2)



figure 8

KPI 5 – All new staff to receive checklist induction within 12 weeks.	74% Partially achieved	The comparative figure in 2004-05 was 75%. Three regions and our National Office achieved 100%. One other region was on target to meet the KPI, while the remaining six regions did not meet this target.
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We want to ensure that all new staff get a good start and are properly supported in the early days. We have set a target that all new staff should receive an induction within 12 weeks of starting. Devolving the Human Resources function to regions disrupted our data collection and the result of this KPI should be treated with caution.

KPI 6 – Sickness absence rate of no more than 4%.	3.5% Achieved and improved from last year	The comparative figure in 2004-05 was 4.7%. Six out of our ten regions and our National Office met the target.
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This KPI is a measure of our corporate health. We have made considerable improvement in reducing sickness absence through a combination of proactive health and safety initiatives. Our achievement compares favourably with the Chartered Institute of Personnel and Development Annual Absence Survey 2005, which reported 4.8% sickness absence for local government and 4.1% for central government.

KPI 7 – Manage our funding to live within, subject to a 1% tolerance limit, our resource budget of £101 million.	0.3% Achieved excluding pension liability	Refer to Figure 11 to see a breakdown of how we spent our budget in 2005-2006.
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This target is part of our promise to our sponsorship body, the DfES, to operate within our allocated budget. Despite no growth in our budget, we have worked hard to achieve this.

KPI 8 – Ensure that CAFCASS support cost ratios are equal to or better than Government and wider public sector benchmarks.	Achieved	In general, we remain ahead of all relevant benchmarks shared with the DfES.
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It is a Government priority to reduce the support (back office) costs of delivering frontline services. CAFCASS has made considerable progress to achieve savings this year.

PUBLIC LAW – CASES ALLOCATED WITHIN 28 DAYS (KPI3)



figure 9

PUBLIC LAW – WORKLOAD UNALLOCATED (KPI4)



figure 10

NEW KPIs FOR 2006-2007

In line with our changing focus, particularly in private law, we have agreed a new set of key performance indicators with the Secretary of State for Education and Skills.

Key Performance Indicators	Definition	Target	
		Meets target	
		On target to meet	
		Does not meet target	
KPI 1 PUBLIC	70% of allocations during the month for Section 31 cases (care and supervision) should be within 2 days from receipt of request (receipt day counted as nought).	+ 70% 69% to 60% - 60%	  
KPI 2 PUBLIC	At least 98% of all public allocations each month for all case types should be within 28 days from receipt of request.	+ 98% 97% to 90% - 90%	  
KPI 3 PUBLIC	No more than 3% of the public law workload should remain unallocated at month end.	- 3.0% 3.1% to 3.9% + 4.0%	  
KPI 4 PRIVATE	Percentage of dispute resolutions (including extended dispute resolutions) resulting in full or partial agreement.	NORM 55% TO 65%	
KPI 5 PRIVATE	Percentage of Section 8s referred for dispute resolution that are then referred for a Section 7 report.	NORM 35% TO 45%	
KPI 6 CORPORATE RR(A) ACT 2000	100% diversity monitoring forms returned for all service users.	100% 99% to 90% - 90%	  
KPI 7 CORPORATE	100% appraisals completed for all staff within a 12-month period.	100% 99% to 90% - 90%	  
KPI 8 CORPORATE	Sickness absence rate of no more than 4%.	- 4.0% 4.1% to 4.9% + 5.0%	  

HOW WE SPENT OUR BUDGET 2005-2006

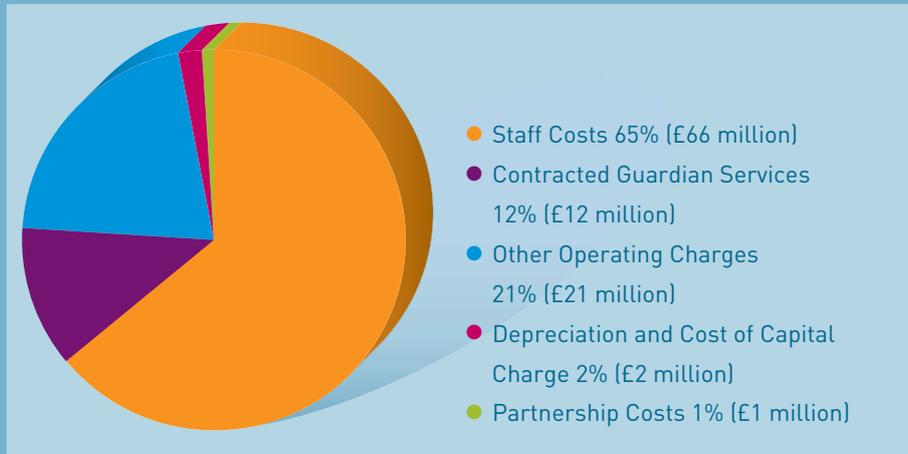


figure 11

COMPLAINT OUTCOMES AS A PERCENTAGE OF ALL REGISTERED COMPLAINTS FINALISED

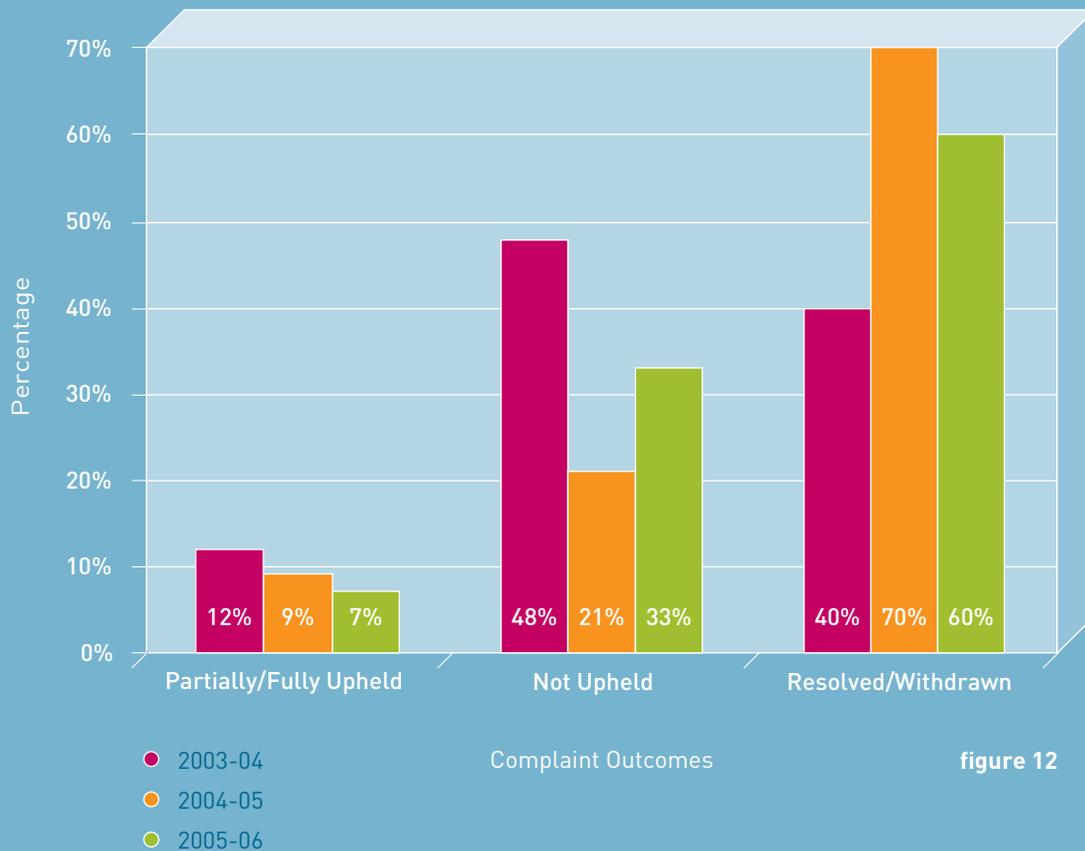


figure 12

COMMENTS, COMPLIMENTS AND COMPLAINTS

In 2005 we reviewed our Comments, Compliments and Complaints procedures in order to improve our ability to respond to and learn from the experience of our service users. These revised procedures include provision for stage 3 complaints investigations to be undertaken by independent investigators. As a result of this review we have also published a new service users' guide entitled *Your Views Count*, which gives clear, user-friendly information to our service users.

In the year 2005-2006, we received 68 comments, 160 compliments and 474 new complaints. In addition there were 38 ongoing complaints at the end of 2004-05. Of the 474 complaints received, 417 related to private law work (this represents 1.6% of private law cases) and 57 related to public law work, (this represents 0.5% of public law cases). Given the highly emotional nature of divorce and separation, it is not surprising that the majority of our complaints originate from private law. Complaints were received in 1.2% of all new cases that CAFCASS began work on in 2005-2006, the same proportion as last year.

More complaints were received from mothers (46%) than fathers (37%), while grandparents, solicitors and others made 17% of complaints. We are pleased to note that the number of complaints we received from children continues to be small (9), although we are committed to ensuring that information and advice to children is more accessible as we recognise that the small number may not necessarily equate to satisfaction with the outcomes of our work.

Of the complaints dealt with by CAFCASS during 2005-2006, the majority of complainants were white, 7.8% were from black and minority ethnic communities, however the ethnicity is not known for 21% of complainants.

COMPLAINT OUTCOMES

We were unable to register 215 (45%) of the 474 complaints submitted to CAFCASS as the issues raised needed to be addressed within court proceedings rather than via the CAFCASS complaints process.

Figure 12 reflects the outcomes of those complaints that were registered and shows the comparative trends over a period of three years.

The Parliamentary and Health Service Ombudsman (PHSO) were asked by MPs to examine 7 enquiries by members of the public which related to events or incidents which occurred in 2005-2006, about CAFCASS administration. Of these, The PHSO found 1 to be partially justified as a complaint of maladministration and requiring corrective action. The remainder were found to be unjustified.

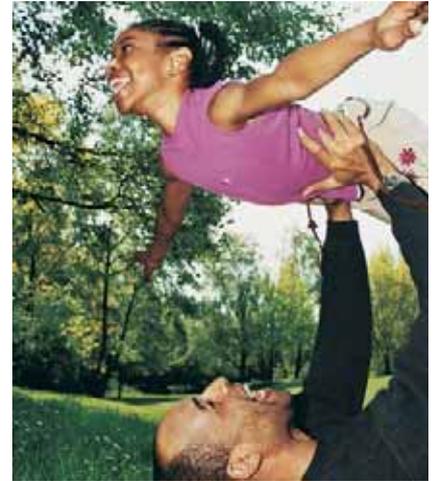
We are getting an increasing number of compliments and comments from our service users:

- > *"Just to say thank you for all your help. I feel like I was finally able to have my say!"*
- > *"(Staff) were extremely helpful and easy to talk to. Although a daunting prospect... they helped to make sense of what the problems are and ways to work through them... Very helpful to me and for future contact for the children... Thank you."*
- > *"Thank you for helping us make this dream come true, we are all very grateful."*
- > *"Your professionalism and focus on the child has shone though and is something I really admire."*
- > *"Whilst I consider the system is very far from being just or in the child's best interests, your input was definitely of great significance in achieving the best outcome possible for (my son) within that system. Your swift production of the reports was appreciated and has certainly helped to resolve matters more quickly than otherwise" – a father.*
- > *"Our short meeting that I had with you was the first time in 7 years that I had a chance to talk as their father to someone who had their best interests firmly in mind... Your experience, insight and attitude were of immense value."*



Anthony Douglas
Chief Executive

10 July 2006



ORGANISATIONAL STRUCTURE

CAFCASS delivered services to families and the courts from over 100 sites throughout ten English regions during 2005-2006.

The 10 regions are: Eastern, East Midlands, Greater London, North East, North West, South East, Southern, South West, West Midlands and Yorkshire and Humberside (Figure 13).

Front-line service delivery across the regionally managed network of offices is supported by a small national office, which provides corporate strategy, service leadership, performance management and resource management. Operational aspects of strategic functions such as procurement, human resources, and training and development were successfully devolved to the regions during the course of the year.

THE CAF/CASS BOARD

Baroness Pitkeathley OBE, Chair

Baroness Howarth of Breckland OBE, Deputy-Chair

Gillian Baranski (Co-opted to the Board)

Jennifer Bernard

Margo Boye-Anawoma

Erica De'Ath OBE

Mark Eldridge

Harry Marsh

Richard Sax

Nicholas Stuart CB (Co-opted to the Board)

Judith Timms OBE

Professor Jane Tunstill

NATIONAL MANAGEMENT TEAM

Anthony Douglas Chief Executive

Jane Booth Corporate Director, Service Delivery Models

Sherry Malik Corporate Director, Strategy and Performance

Nicholas Maude Corporate Director, Resources
(resigned 31 December 2005)

Lamorna Wooderson Corporate Director, Partnerships

AUDIT COMMITTEE

Nicholas Stuart CB, Chair

Jennifer Bernard

Margo Boye-Anawoma

Mark Eldridge

Baroness Howarth of Breckland OBE

Judith Timms OBE

CAFCASS ENGLISH REGIONS



figure 13

**“ It’s a long
term change
for parents.
My parents had
to also learn
to live and still
take care
of me.”**

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES

Under the Criminal Justice and Court Services Act 2000, the Secretary of State for Education and Skills has directed the Accounting Officer 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, total 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 for Education and Skills, 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; and
- > prepare the financial statements on a going concern basis.

The Principle Accounting Officer of the Department for Education and Skills has designated the Chief Executive as the 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 Government Accounting.

STATEMENT ON INTERNAL CONTROL

SCOPE AND RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of CAF/CASS' policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting. CAF/CASS's aims and objectives are set by the Board in accordance with relevant legislation and the Framework Document agreed with DfES. CAF/CASS is an executive Non-Departmental Public Body (NDPB). It is headed by a non-executive Board appointed by the Secretary of State for Education and Skills, as set out in the Act, varied by the Transfer of Functions Order, January 2004. The Chief Executive and three Corporate Directors have executive responsibility for the management of CAF/CASS on a day-to-day basis and support the Board and CAF/CASS as a whole. All main Board meetings, which occur every six weeks, receive reports on finance and performance. On a quarterly basis the Board receives reports on governance and risk issues, and reports from the Audit Committee. The Audit Committee, whose membership and Chairman are appointed from the non-executive Board Members, meets a minimum of four times each year.

The Department for Education and Skills (DfES) sponsors CAF/CASS and appropriate arrangements are in place to ensure that the DfES is fully informed of the business of CAF/CASS and that we, in turn, are informed of the DfES's requirements for CAF/CASS. This includes 6 weekly sponsorship meetings with the CEO, Corporate Directors and DfES officials and quarterly meetings between the CEO and the Permanent Secretary. The Chair and Chief Executive meet with the sponsoring Minister on a regular basis, and bring matters of significance to Ministerial attention.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The 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 a ongoing process designed to identify and prioritise the risks to the achievement of CAF/CASS 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 CAF/CASS for the year ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

During the year CAF/CASS has been able to put in place additional procedures that strengthen our systems of internal control. CAF/CASS is undertaking further work to fully embed all its risk management and review processes.

CAPACITY TO HANDLE RISK

As Accounting Officer, I am the primary owner of the Corporate Risk Register, supported by three Corporate Directors, with the Corporate Director of Strategy and Performance leading on risk. The Chairs of the Board and of the Audit Committee also play key roles in the overall leadership of risk management in CAF/CASS.

The risk policy and risk register were updated during Autumn 2005 and a staff guide produced. These were presented to the Audit Committee and signed off by the Board in December 2005. All Senior Managers will be formally briefed on risk management during 2006-07.

During 2005-06 budget delegation has been extended in all regions to front line teams. Local delegation has occurred in the past but this constitutes a significant change in practice in some areas. This has been supported by local financial training and regular quarterly budget reviews.

THE RISK AND CONTROL FRAMEWORK

The corporate risk register identifies the key strategic risks which may stand in the way of CAFCASS achieving its objectives as outlined in the 2005-07 Business Plan. The regional risk registers inform the corporate risk register. Both the corporate and regional registers are monitored and reviewed quarterly by the Corporate Decision Group (CDG) performance board and by Regional Directors, their management team and the Corporate Director as part of the quarterly performance monitoring. As part of these meetings regions also complete self-assessments, assessing their performance against a range of financial, service delivery and quality indicators. There is regular reporting to the Audit Committee and Board regarding any new or emerging risks and changes in the risk register.

Following discussion, the Board agreed that CAFCASS would look at risks under five broad areas, and set risk tolerance on a four-point scale for each area (i.e. nil-low-medium-high). CAFCASS will seek to maximise its reputation in all that we do and minimise the risks which could lead to a poor reputation.

The new policies and procedures introduced in 2005-06 will be embedded during 2006-07 through training and regular review.

REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

HM INSPECTORATE OF COURT ADMINISTRATION (HMICA)

During the reporting period, HMICA undertook three inspections; a joint thematic inspection Domestic Violence, Safety and Family Proceedings (published October 2005); Frontline Practice (due to be published August 2006); Race Equality (report due to be published July 2006).

HMICA also undertook five post inspection reviews in the North West, South West and Eastern regions and thematic reviews of Delay and Recruitment. The reviews summarised the extent to which CAFCASS had implemented 23 Inspectorate recommendations. Of these, seven (30%) had been fully implemented and 16 (70%) partially implemented with further work being undertaken. CAFCASS has also contributed data for the Joint Area Reviews, currently being undertaken with local authorities and which evaluate how well children's services work together to improve the wellbeing of children and young people.

INTERNAL CONTROL BULLETIN

This has been the second year in which a system of Internal Control has been fully in place across CAFCASS. Throughout 2005-06 I have required that every location/department is the subject of a process leading to an internal certificate that covers 16 control areas. Every cost centre submits returns that culminate in a certified annual return completed by every Regional Director/National office department. During the year all relevant staff have received training resulting in significant improvements in year. The major issues to emerge in 2005-06 concerned local inventory records, gift/hospitality registers and fraud prevention awareness. In February 06 new fixed asset procedures were introduced which addressed the inventory issues. In 2006-07 new procedures have been put in place with respect to gift/hospitality. In 2005-06 fraud policies and procedures were updated following a specialist Internal Audit review during 2006-07. Local training will be provided to increase awareness of the revised procedures. None of the issues raised, in themselves, gave rise to significant internal control concerns.

AUDIT COMMITTEE

A duly constituted Audit Committee has operated throughout the year and its terms of reference reflect best practice. It consists of six non-executive members of the Board. The Audit Committee met six times in 2005-06. The attendance of the NAO at all these meetings provides a valuable opportunity to introduce their experience, views and advice on best practice. The committee has reviewed its procedures against NAO best practice guidance and concluded that it complies with that guidance in most aspects of its work.

INTERNAL AUDIT

An independent firm of accountants, Bentley Jennison, was employed throughout 2005-06 to provide an internal audit service. The Audit Committee agreed the internal audit strategy and plans for 2005-06 at the Audit Committee in March 05.

During 2005-06 we developed a log to track progress of all internal and external audit recommendations and to manage outstanding actions. Progress is reported regularly to the Audit Committee. Formal sign off is obtained from the responsible officers along with supporting documentation. The log was first presented at the Audit Committee in September 05.

During the year 91% of the recommendations with a due date prior to 31 March 2006 have been completed.

I receive an annual report on the findings of internal audit, which includes their professional opinion as to the level of assurance that is applicable to CAF/CASS. For 2005-06 the auditor's opinion was that CAF/CASS had adequate and effective risk management, control and governance processes in place to manage achievement of the organisations objectives. As referred to by the Internal auditors, further work is required in the area of Partnerships contracts and HR. Considerable progress has been made in year with respect to Human Resources. Work continues into 2006-07 to further strengthen the control framework in HR, and to revise and improve contracting procedures.

DFES/INTERNAL AUDIT JOINT REVIEW

During Autumn 05 DfES Internal Audit team undertook a joint audit with CAF/CASS Internal Auditors focusing on Financial Management and Risk. The review involved a review of previous Internal Audit reports and an extensive audit of all areas of financial management. The review concluded there was substantial assurance with respect to financial management and adequate assurance on risk management pending finalisation of the work on the risk register and embedding of policies and procedures.

BUDGET TASK FORCE

A Budget Task Force was established in 2005-06, consisting of myself, the Acting Director of Finance, a Regional Director, a Corporate Director and attended by the Head of the sponsorship unit. The budget task force identified and co-ordinated areas of budget savings and reviewed business cases. The Budget Task force ceased in November 2005. From December 2005 all recruitment (for both permanent and temporary staff) was subject to CDG approval through the submission of business cases.

PURCHASE ORDERS

CAF/CASS introduced an electronic Purchase Ordering (PO) system in April 2003. Compliance with PO procedures was poor. Whilst a PO supported all expenditure, the majority were raised after the invoice was received. Considerable work has been undertaken in 2005-06 including workshops, production of training material and the use of monthly statistics. From June 05 we have seen a continuous month on month improvement in PO coverage with the percentage of invoice processed increasing from 26% to 60%.

FULL ACCRUALS

From September 2005 CAF/CASS introduced monthly accruals processes for all budget holders, supported by training and guidance. All budget holders now submit accruals/prepayments on a monthly basis for the five main categories of expenditure. This has resulted in substantial improvements in monthly management information and forecasting.

AREAS OF FURTHER WORK FOR 2006-07

CAF/CASS' priority is to continue to strengthen the financial control and compliance culture across the organisation. In 2006-07 this will include; building on the progress made on PO coverage and monthly accruals; embedding risk management and undertaking risk management training and strengthening contract management of self employed contractors through the implementation of revised contracts and guidance documentation.



Anthony Douglas
Chief Executive and Accounting Officer

10 July 2006

CAFCASS REMUNERATION REPORT

REMUNERATION POLICY

CAFCASS staff are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure approved by Department for Education and Skills (DfES) the sponsoring department.

GOVERNANCE

The Chief Executive and the Chair approve annual pay reviews and performance related payments for Corporate Directors and Head of Services. DfES approves annual pay reviews and performance related payments for the Chief Executive. DfES appoints CAFCASS Members and approves their remuneration.

SERVICE CONTRACTS

CAFCASS appointments are made in accordance with the CAFCASS Recruitment Code of Practice, which recognises that in order to provide a world class 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 have the skills and abilities to perform effectively at all levels through fair and open competition basis. Unless otherwise stated below, those covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the individual contract of employment.

- > Anthony Douglas, Chief Executive was appointed on a three-year contract commencing on 1 September 2004.
- > The CAFCASS Members are appointed on a three-year contract.

BOARD MEMBERS REMUNERATION (AUDITED INFORMATION)

	2005-06		2004-05	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Board Members				
Baroness Pitkeathley OBE	42	-	41	-
Richard Sax	9	-	9	-
Baroness Howarth of Breckland OBE	9	-	9	-
Professor Jane Tunstill	9	-	9	-
Nicholas Stuart CB (Co-opted to the Board)	9	-	9	-
Gillian Baranski (Co-opted to the Board)	9	-	3	-
Jennifer Bernard	9	-	9	-
Margo Boye-Anawoma	9	-	9	-
Erica De'Ath OBE	9	-	9	-
Harry Marsh	9	-	9	-
Judith Timms OBE	9	-	9	-
Mark Eldridge	0	-	0	-

SALARY AND PENSION ENTITLEMENTS

The remuneration for CAF/CASS members is shown on page 53 and the remuneration for the National Management Team is shown on page 55. Remuneration includes gross salary, allowances and, for the National Management Team, employer's contributions to the West Yorkshire Pension Scheme. Pension benefits are not provided for Board Members. CAF/CASS salary ranges will be established by considering the factors such as external, relevant comparator pay levels, internal relativities, affordability, recruitment and retention risks and political sensitivity. Further information on the CAF/CASS pension schemes can be found in notes 1(e), 1(m), 5 and 21 to the accounts.

BENEFITS IN KIND

None of the CAF/CASS Members or the National Management Team received benefits in kind.

PENSION BENEFITS

Columns 4 and 5 of the table opposite 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 CSP arrangements and for which the Civil Service (CS) Vote 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 year 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.

REAL INCREASE IN CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, 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 end of the period.

CORPORATE DIRECTORS REMUNERATION 2005-2006

Directors	Salary, including performance pay £000	Real increase in pension and related lump sum at age 60 £000	Total accrued pension at age 60 at 31/3/06 and related lump sum £000	CETV at 31/3/05 (nearest £000)	CETV at 31/3/06 (nearest £000)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)
Nicholas Maude: Corporate Director (Resources) Resigned: 31 Dec '05						
	82	0 – 2.5 plus 2.5 – 5.0 lump sum	0 – 2.5 plus 2.5 – 5.0 lump sum	5	17	9
Anthony Douglas: Chief Executive Officer Appointed: 1 Sept '04						
	140	0 – 2.5 plus 2.5 – 5.0 lump sum	45 – 50 plus 140 – 145 lump sum	805	846	33
Larmona Wooderson: Corporate Director (Partnerships)						
	84	0 – 2.5 plus 2.5 – 5.0 lump sum	2.5 – 5 plus 10 – 15 lump sum	48	65	12
Sherry Malik: Corporate Director (Strategy & Performance)						
	84	0 – 2.5 plus 2.5 – 5.0 lump sum	10 – 15 plus 40 – 45 lump sum	179	202	19
Jane Booth: Corporate Director (Service Delivery Models)						
	84	0 – 2.5 plus 5.0 – 7.5 lump sum	20 – 25 plus 60 – 64 lump sum	307	357	46

Anthony Douglas
Chief Executive

10 July 2006

INTRODUCTION TO THE ACCOUNTS 2005-2006

1 INTRODUCTION

The Children and Family Court Advisory and Support Service (CAFCASS) is an executive Non-Departmental Public Body that was established by the Criminal Justice and Court Services Act 2000 (the Act), Chapter 43, Chapters II (sections 11-17) and III (sections 18-25) and schedule 2 (paragraphs 1-19). Responsibility for CAFCASS lies with the Department for Education and Skills (DfES).

2 STATEMENT OF ACCOUNTS

The statement of accounts of CAFCASS for the year ended 31 March 2006 has been prepared in a form directed by the Secretary of State for Education and Skills with the consent of the Treasury in accordance with the Accounts Direction dated 12 April 2002 given under schedule 2, paragraph 13(2) of the Act.

The accounts are audited by the Comptroller and Auditor General, who is appointed by Statute. The audit fee is £54,000 (2004-05 £63,000) and includes no fees for any non-audit services during 2005-06 (2004-05 Enil).

3 GOING CONCERN

The balance sheet at 31 March 2006 shows net liabilities of £0.335m excluding the pension liability, and net liabilities of £58.784m including the pension liability. 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' sponsoring department, the Department for Education and Skills. 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.

Grant-in-aid for 2006-07, taking into account the amounts required to meet CAFCASS' liabilities falling due in that year, has already been included in the Department's estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Department's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for preparation of these financial statements.

4 STATUTORY BACKGROUND

CAFCASS was established on 1 April 2001. Its primary duties, as set out in the Act, in respect of family proceedings in which the welfare of children is or maybe in question, are to safeguard and promote the welfare of the child, give advice to any court, make provision for children to be represented and provide information, advice and support for children and their families.

CAFCASS does this by providing reports in private law proceedings, Children's Guardian Reports and attendance at dispute resolution meetings.

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. In particular this includes holding land and other property, entering into contracts, investing and accepting gifts.

5 PRINCIPAL ACTIVITIES

CAFCASS provides a Private Law Service in relation to Private Law Children Act 1989 cases (i.e. applications for parental responsibility, residence, contact etc) when these matters are in dispute between the child's parents.

CAFCASS provides a Public Law Service, representing children, in relation to Public Law Children Act 1989 applications for local authority care or supervision orders and other care related proceedings.

6 RESULTS FOR THE YEAR

The Income and Expenditure Account shows an operating surplus for the year amounting to £4.024m (2004-05: £3.311m deficit). Excluding the impact of the "Pension costs" resulting from the FRS17 pension valuation and related cost of capital adjustments the Income and Expenditure Account shows an operating surplus of £0.469m.

7 FIXED ASSETS

In line with Treasury requirements, all fixed assets are included in the balance sheet at depreciated current replacement cost. The most significant addition to fixed assets during the year was IT equipment costing £0.732m.

8 FUTURE DEVELOPMENTS

The 2005-07 Business Plan, approved by the Secretary of State for Education and Skills, identifies a number of priority areas, within each of our two broad areas for action in 2005-07. Some activities have been completed during 2005-06 while others will progress during 2006-07.

New key performance indicators for 2006-07 have been agreed with the DfES. Section 3 of the annual report provides a full report on 2005-06 KPI's and performance against the Business Plan. During 2006-07 we will develop our strategic objectives for 2007-2010.

9 CAFCASS MEMBERS

The Chair and Members of the Board are appointed under Chapter 43, schedule 2, paragraphs 1-4 of the Act and the rules governing this are covered in The Children and Family Court Advisory and Support Service (Membership, Committee and Procedure) Regulations 2000 (Section 4(B)), The Children and Family Court Advisory and Support Service (Membership, Committee and Procedure) (Amendment) Regulations 2001. Further Amendment Regulations came into effect on 1 April 2005.

10 CAFCASS MEMBERS' RESPONSIBILITIES

CAFCASS Members have corporate responsibilities relating to the governance of CAFCASS as a Non-Departmental Public Body as set out in the Framework Document and, therefore, for ensuring that CAFCASS complies with any statutory or administrative requirements for the use of public funds.

Other important responsibilities of CAFCASS 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 DfES; and
- ensuring that CAFCASS operates within the limits of its statutory authority and any delegated authority agreed with DfES and in accordance with any other conditions relating to the use of public funds.

Members of CAFCASS (including the Chair) must adhere to CAFCASS' Code of Practice and Rules of Conduct for Members of CAFCASS.

11 EQUALITY OF OPPORTUNITY

CAFCASS is fully committed to providing equal opportunity for all staff. CAFCASS follows Civil Service guidelines providing that all eligible people must have equality of opportunity for employment and advancement on the basis of their suitability for the work. There is no discrimination on the basis of age, disability, gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin or religion.

Our aim is that CAFCASS should reflect a diverse, modern society at all levels to both bring in and bring on talent.

12 EMPLOYEE INVOLVEMENT

The Partnership Agreement between CAFCASS and the Trade Unions has been reviewed during the year and extended to include all staff below Director or Head of Service level. The joint committee now meets six times a year and has taken forward consultations and negotiations related to policy and service management. The National Partnership Committee continues to be supported by Regional Committees ensuring the involvement of a significant number of staff.

Reaching a pay settlement for staff in a standstill budget year was never going to be easy, however, it is a sign of a mature relationship with our National Partnership Committee that we were able to reach agreement and we are now working together on a Strategic Review of Pay and Reward.

Work on key areas such as service manager workloads and a review of the administrative and clerical role across CAFCASS continues with active trade union and staff input.

13 HEALTH AND SAFETY

Health and Safety has been successfully devolved to the West Midlands region, who carry out this function on CAF/CASS' behalf nationally. We appointed a National Health and Safety Advisor during the year. A strategic stock-take of health and safety completed in 2005 has been the focus for driving improvements, which include the revision of the Health and Safety Policy, the development of a Work Related Stress Policy and the implementation of an Asbestos Policy. A range of existing policies have also been reviewed to ensure they remain suitable and sufficient for their purpose. The National Health and Safety Steering Group, now chaired by the Corporate Director (Service Delivery), has met regularly through the year, taking a joint approach to resolving health and safety issues. A key area of focus is the managing and monitoring of incidents of verbal abuse and threats of violence towards staff and work related stress.

The results of the Planned Preventive Maintenance survey (undertaken in 2004-05) have informed the work programme undertaken in year and will determine the future Estates work programme and the required involvement of the Health and Safety Advisor. A programme of property adjustments has improved facilities for disabled people and hearing loops are now in place in all reception areas and family rooms.

Health and Safety now has assumed an appropriately high profile within the organisation. Corporate Directors and Senior Managers have attended recognised Institution of Occupational Health and Safety courses and a programme of 'office health and safety' training has been developed internally and delivered to Service Managers and staff with line manager responsibility. Several Business Support Officers were supported through their National Examination Board in Occupational Safety Health Certificate qualification.

14 TIMELINESS IN PAYING BILLS

CAF/CASS' policy is to pay bills in accordance with contractual conditions or, where no such conditions exist, within 30 days of receipt of goods and services or the presentation of a valid invoice, whichever is the later. In CAF/CASS' fourth year of operation, 81.5% (2004-05: 78.9%) of invoices were paid within 30 days of the invoice date, based on an analysis of all invoices.

In November 1998, the Late Payment of Commercial Debts (Interest) Act came into force, providing small businesses with a statutory right to claim interest from large businesses (and all public sector bodies) on payments that are more than 30 days overdue. Amended legislation (the Late Payment of Commercial Debts Regulations 2002) came into force on 7 August 2002 providing all businesses, irrespective of size, with the right to claim statutory interest for the late payment of commercial debts. No interest has been claimed by creditors under this Act.

15 ACCOUNTING OFFICER CONFIRMATION

As Accounting Officer I confirm that:

- > There is no relevant audit information of which the auditors to CAF/CASS are unaware;
- > I have taken all steps I ought to ensure that the said auditors are aware of relevant audit information, and
- > I have taken all the steps I ought to establish that the said auditors are aware of such information.



Anthony Douglas
Chief Executive and Accounting Officer

10 July 2006

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Children and Family Court Advisory and Support Service for the year ended 31 March 2006 under the Criminal Justice and Court Services Act 2000. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

The Children and Family Court Advisory and Support Service and Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Criminal Justice and Court Services Act 2000 and directions made thereunder by the Secretary of State for Education and Skills and for ensuring the regularity of financial transactions. These responsibilities are set out in the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and directions made thereunder by the Secretary of State for Education and Skills. I also report whether 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. I also report to you if, in my opinion, the Annual Report is not consistent with the financial statements, if the Children and Family Court Advisory and Support Service has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the statement on pages 49 to 52 reflects the Children and Family Court Advisory and Support Service's compliance with HM Treasury's guidance on the Statement on Internal Control, and I report if it does not. I am not required to consider whether the Accounting Officer's statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the Children and Family Court Advisory and Support Service's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Overview by the Chair, the Chief Executive's Report, the Management Commentary and the unaudited parts of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Children and Family Court Advisory and Support Service and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Children and Family Court Advisory and Support Service's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Criminal Justice and Court Services Act 2000 and directions made thereunder by the Secretary of State for Education and Skills, of the state of the Children and Family Court Advisory and Support Service's affairs as at 31 March 2006 and of its surplus for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Criminal Justice and Court Services Act 2000 and directions made thereunder by the Secretary of State for Education and Skills; and
- 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.

I have no observations to make on these financial statements.

John Bourne

Comptroller and Auditor General

13 July 2006

National Audit Office

157-159 Buckingham Palace Road

Victoria

London SW1W 9SP

ACCOUNTS

INCOME AND EXPENDITURE ACCOUNT for the year ended 31 March 2006

	Note	2005-06		Restated 2004-05	
		£000	£000	£000	£000
Income					
Grant-in-Aid	2	100,892		97,618	
Other operating income	3	416		111	
			101,308		97,729
Expenditure					
Staff costs	4	65,554		61,514	
Reduction in pension costs	21	(1,863)		0	
Contracted guardian services	8	11,736		12,523	
Other operating charges	6	21,051		24,195	
Depreciation	7	1,594		1,818	
Partnership costs	9	960		958	
Cost of capital charge	1(j)	(1,748)		32	
			97,284		101,040
Operating surplus/(Deficit)	10		4,024		(3,311)
Interest receivable and similar income	11		3		12
Reversal of cost of capital charge	1(j)		(1,748)		32
Surplus/(Deficit) for the year			2,279		(3,267)

All results arose from continuing activities.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2006

	Note	2005-06	Restated 2004-05
		£000	£000
Surplus/(Deficit) for the year		2,279	(3,267)
Pension fund actuarial losses	21	(22,050)	0
Net surplus on revaluation of fixed assets	18	232	188
Total recognised loss for the year		(19,539)	(3,079)

The notes on pages 64 to 81 form part of these financial statements.

BALANCE SHEET as at 31 March 2006

	Note	31 March 2006		Restated 31 March 2005	
		£000	£000	£000	£000
Tangible fixed assets	7		5,053		5,844
Current assets					
Debtors	12	1,535		1,374	
Cash bank and in hand	13	29		29	
Bank	13	509		0	
		2,073		1,403	
Creditors: amounts falling due within one year	14	(7,004)		(7,593)	
Net current liabilities			(4,931)		(6,190)
Provisions for liabilities and charges	15		(457)		(527)
Total net liabilities excluding pension liabilities			(335)		(873)
Provision for pension liabilities	21		(58,449)		0
Total net liabilities including pension liabilities			(58,784)		(873)
Capital and Reserves					
Deferred Government Grant Reserve	16		2,648		2,675
Income and Expenditure Reserve	17		(62,001)		(3,909)
Revaluation Reserve	18		569		361
			(58,784)		(873)

Anthony Douglas
Chief Executive and Accounting Officer

10 July 2006

The notes on pages 64 to 81 form part of these financial statements.

CASH FLOW STATEMENT for the year ended 31 March 2006

	Note	2005-06 £000	2004-05 £000
Net Cash Inflow/(Outflow) from			
Operating Activities	19a	1,053	(157)
Capital Expenditure and			
Financial Investment	19b	(489)	110
Returns on Investments and			
Servicing of Finance	19c	3	13
Financing	19d	416	190
Increase in Cash		983	156

The notes on pages 64 to 81 form part of these financial statements.

NOTES TO THE ACCOUNT Year ended 31 March 2006

1 ACCOUNTING POLICIES

These financial statements are drawn up in accordance with the Treasury's Financial Reporting Manual which replaces the Executive Non-Departmental Public Bodies; Annual Reports and Accounts Guidance and applicable accounting standards. They are in a form as directed by the Secretary of State for Education and Skills with the approval of Treasury.

The following accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

a) Accounting convention

The accounts are prepared under the historical cost convention, modified to include fixed 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 1985 and accounting standards issued or adopted by the Accounting Standards Board so far as those requirements are relevant. The accounts are also consistent, where appropriate, with generally accepted accounting practice in the United Kingdom (UK GAAP).

b) Going Concern

Parliament has voted grant in aid to CAFCASS for the 12 months following the balance sheet date. Therefore, despite the balance sheet position of net liabilities, CAFCASS operates as a going concern.

c) Tangible fixed assets

Freehold land and buildings were valued externally by the Valuation Office Agency (VOA) as at 1 April 2006 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 revaluation by the VOA at least every three years and by indexation using current cost indices in intervening years. Leasehold land and buildings and associated improvements are not subject to revaluation or indexation.

Other tangible fixed assets, 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 Income and Expenditure Account to offset the total depreciation charged on that asset based on the revalued amount.

Any downward revaluation of fixed assets below the asset's depreciated historic cost is charged directly to the Income and Expenditure Account. Otherwise, it is offset against any balance in the Revaluation Reserve relating to that particular asset.

Tangible fixed 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. Furniture and fittings are not capitalised but fully expensed in the year of acquisition.

d) Depreciation

Freehold land is not depreciated.

Depreciation is provided to write off freehold buildings and other tangible fixed assets by instalments 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 – 7 years
- > computers & telecoms – 5 years
- > vehicles – up to 4 years

e) Pensions

Employees of CAF/CASS are members of the West Yorkshire Pension Scheme, which is funded on a pay-as-you-go basis. The amount charged to the Income and Expenditure Account 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.

A small number of CAF/CASS staff retained membership of the Principal Civil Service Pension Scheme (PCSPS) by virtue of their earlier employment with one of CAF/CASS' predecessor organisations.

f) Grant-in-Aid

Government grants receivable for revenue expenditure are credited to income in the year to which they relate. Government grants receivable for capital expenditure are credited to Deferred Government Grant Reserve and released to the Income and Expenditure Account in instalments over the lives of the assets purchased.

g) Other income

Other income is generated from student placements, the award of court costs and one off receipts in the year. Income is recognised on the issuing of an invoice, for court awards this may be some months after the conclusion of a court case. All income is stated net of VAT.

h) Insurance

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

i) Operating Leases

Rentals under operating leases are charged to the Income and Expenditure Account on a straight-line basis over the lease term.

j) Cost of Capital Charge

As required by Treasury, a charge is made to the Income and Expenditure Account for the notional cost of capital. The notional capital charge, which reflects the cost of financing capital employed, is calculated at 3.5% (2004-05: 3.5%) of average net assets employed during the year excluding cash balances held by HM Paymaster General. In accordance with Treasury guidance the notional charge is credited back to the Income and Expenditure Account before determining the surplus or deficit for the year.

k) Accounting for Value Added Tax

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

l) Wales Transfer

Until 1 April 05 CAF/CASS had responsibility for services throughout England and Wales. On 1 April 2005 responsibility for services in Wales transferred to the National Assembly for Wales under the Government of Wales Act 1998. The services are now referred to as CAF/CASS Cymru, a unit of the Assembly with appropriate operational and professional independence.

The transfer has been accounted for using merger accounting principles in accordance with the Resource Accounting manual. Prior year comparator figures have been restated to exclude Wales as detailed below:

2004-05 Restated Income & Expenditure:

	Submitted 2004-05 including Wales		Restated 2004-05 excluding Wales	
	£000	£000	£000	£000
Income				
Grant-in-Aid	103,571		97,618	
Other operating income	190		111	
		103,761		97,729
Expenditure				
Staff costs	65,987		61,514	
Contracted guardian services	12,837		12,523	
Other operating charges	25,386		24,195	
Depreciation	1,866		1,818	
Partnership costs	1,094		958	
Cost of capital charge	39		32	
		107,209		101,040
Operating deficit		(3,448)		(3,311)
Interest receivable		13		12
Cost of capital reversal		39		32
Deficit for the year		(3,396)		(3,267)
Statement of Total Recognised Gains and Losses				
Deficit for the year		(3,396)		(3,267)
Surplus on revaluation of fixed assets		188		188
		(3,208)		(3,079)

Net expenditure directly attributable to Wales was £6.082m, offset by Grant-in-Aid of £5.953m resulting in a £0.129m reduction in Deficit for the year. Grant-in-Aid is not separately attributable, therefore, this has been calculated on a weighted basis.

2004-05 Restated Balance Sheet:

	Submitted 2004-05 including Wales		Restated 2004-05 excluding Wales	
	£000	£000	£000	£000
Tangible fixed assets		6,273		5,844
Current assets				
Debtors	1,473		1,374	
Cash in bank and in hand	31		29	
	<u>1,504</u>		<u>1,403</u>	
Creditors <1 year	<u>(7,730)</u>		<u>(7,593)</u>	
Net current liabilities		(6,226)		(6,190)
Provisions for liabilities and charges		<u>(550)</u>		<u>(527)</u>
Total assets less liabilities		<u>(503)</u>		<u>(873)</u>
Capital and Reserves				
Deferred Government Grant Reserve		2,768		2,675
Income and Expenditure Reserve		(3,743)		(3,909)
Revaluation Reserve		<u>472</u>		<u>361</u>
		<u>(503)</u>		<u>(873)</u>

The aggregate value of the assets transferred was £0.225m, and the Income and Expenditure Reserve was debited with this amount.

m) Pensions

CAFCASS participates in a defined benefit pension scheme, the West Yorkshire Pension Scheme. (It also participates in the Principal Civil Service Pension Scheme). The assets of the defined benefit scheme are held separately from those of CAFCASS. The scheme assets are measured using market values. 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 balance sheet. The movement in the scheme surplus/deficit is split between operating charges, financing items and, in the statement of recognised gains and losses, actuarial gains and losses.

2 GRANT-IN-AID

	2005-06 £000	Restated 2004-05 £000
Total Grant-in-Aid received	<u>100,865</u>	<u>96,591</u>
Amount provided for capital expenditure credited to		
Deferred Government Grant Reserve	(760)	(603)
Released depreciation from Deferred Government Grant Reserve	787	1,630
	<u>100,892</u>	<u>97,618</u>

3 OTHER OPERATING INCOME

	2005-06 £000	Restated 2004-05 £000
Other Income	397	65
Award of Court Costs	19	46
	416	111

4 STAFF COSTS

2005-06	CAFCASS Members £000	Corporate National Office Staff £000	Regional Staff £000	Total £000
Salaries and wages	137	2,397	50,865	53,399
Social Security costs	10	280	4,202	4,492
Other pension costs (see notes 5 and 21)	-	270	5,799	6,069
Total payroll costs	147	2,947	60,866	63,960
Temporary staff costs	-	264	1,172	1,436
Seconded costs	-	68	90	158
Total staff costs	147	3,279	62,128	65,554
Average numbers employed	2 ¹	58	1,642	1,702
Restated 2004-05	£000	£000	£000	£000
Salaries and Wages	127	4,218	44,941	49,286
Social Security costs	10	381	3,678	4,069
Other pension costs (see notes 5 and 21)	-	546	5,015	5,561
Total payroll costs	137	5,145	53,634	58,916
Temporary staff costs	-	481	1,898	2,379
Seconded costs	-	219	-	219
Total staff costs	137	5,845	55,532	61,514
Average numbers employed	2 ¹	71	1,520	1,593

¹ This figure represents the whole time equivalent of the Board members.

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

In 2005-06 HR and a number of National Office functions were devolved to the regions. The High Court team which was previously part of National Office transferred to the regions in 2005-06.

Carmel Hesketh was interim Head of Human Resources until October 2005 and was paid by an Agency (£0.083m in 2005-06).

5 PENSION COSTS (AND SEE NOTE 21)

CAFCASS participates in the West Yorkshire Pension Scheme and the Principal Civil Service Pension Scheme (PCSPS). The West Yorkshire Pension Scheme is a multi-employer defined benefit scheme in which CAFCASS' share of the underlying assets and liabilities is not identified.

The contribution rate determined by the independent fund actuaries, Mercer Human Resource Consulting, is 12.3%. This is based on service to CAFCASS and ill health retirements. Employer's contributions to the Scheme for the year amounted to £5.99m with 1,803 employees participating in the scheme during 2005-06 (2004-05: £5.6m/1,764 employees).

The last independent actuarial valuation of the West Yorkshire Pension Scheme was on 31 March 2004 and revealed that the scheme was 82% funded in relation to past service. The valuation is based on assets and liabilities at 31 March 2004. Following the Actuarial valuation the revised employer contribution rates are as follows:

- > 2006-2007 12.8%
- > 2007-2008 13.2%

The revised target employer contribution rate at the end of a six year phasing in period is 14.5%. Based on further phasing between 2008-09 and 2010-11, this means that the total rate will be payable by 2010-11.

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. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2005-06, employers' contributions of £0.079m (2004-05: £0.056m) were payable to the PCSPS at one of four rates in the range of 16.2% to 24.6% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. Rates increase from 2006-07 to four rates between 17.1% and 25.5%.

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

10 employees participated in the PCSPS during 2005-06 (2004-05: 11) and none of these individuals were in a partnership pension account or a stakeholder pension.

6 OTHER OPERATING CHARGES

	2005-06	Restated 2004-05
	£000	£000
Accommodation costs	7,060	7,839
Outsourced accounts and payroll services	2,844	2,804
Office supplies, printing and stationery	1,678	2,047
Recruitment costs	343	651
Travel and subsistence	4,497	3,995
Vehicle expenses	492	391
External consultancy	222	695
Legal costs	1,060	1,336
External audit costs	54	63
Internal audit costs	84	111
Telecommunications and postage	1,333	1,562
Fuel and utilities	283	212
Total training cost	646	1,178
Downward revaluation of fixed assets	46	383
(Profit) on sale of assets	(153)	(32)
Movement in bad debt provision	28	0
Movement in (other) provisions	206	431
Staff related costs	72	152
Interpreters & translators	165	152
Other costs	91	225
	21,051	24,195

Prior year figures have been restated to disclose staff related costs and interpreters separately from other costs as these are significant items of expenditure.

7 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Leasehold land, buildings and improvements	Computer and Telecoms Equipment	Other Assets	Total
	£000	£000	£000	£000	£000
COST					
At 1 April 2005	2,793	1,419	7,100	123	11,435
Wales Transfer	(328)	(86)	(136)	(46)	(596)
Restated	2,465	1,333	6,964	77	10,839
Additions	-	-	760	-	760
Disposal	(157)	-	-	(10)	(167)
FAR Expensing	-	-	-	-	-
Revaluation	232	-	(255)	-	(23)
At 31 March 2006	2,540	1,333	7,469	67	11,409
DEPRECIATION					
At 1 April 2005	158	538	4,383	83	5,162
Wales Transfer	(21)	(18)	(121)	(7)	(167)
Restated	137	520	4,262	76	4,995
Charged in year	27	161	1,405	1	1,594
Disposals	(14)	-	-	(10)	(24)
Revaluation	-	-	(209)	-	(209)
At 31 March 2006	150	681	5,458	67	6,356
NET BOOK VALUE					
At 31 March 2006	2,390	652	2,011	0	5,053
At 31 March 2005 Restated	2,328	813	2,702	1	5,844
At 31 March 2005 Submitted	2,635	881	2,717	40	6,273

The cost of additions to fixed assets is funded through (Capital) Grant-in-Aid (see Note 16).

Permanent diminutions charged to the Income and Expenditure Accounts of £0.046m include diminution of Computer and Telecommunications Equipment.

Freehold land at 31 March 2006 was valued at £0.823m (2004-05: £0.769m).

Property assets were independently valued by the Valuation Office Agency as at 1 April 2006 in accordance with the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors, insofar as this is consistent with current Treasury accounting guidance.

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

8 CONTRACTED GUARDIAN SERVICES

In 2005-06 we contracted the services of 437 self-employed contractors of which amounts paid amounted to £11.736m in the year (2004-05: £12.523m). As self-employed contractors, Guardians are responsible for meeting travel, office and all other expenses related to their work, as well as related tax and national insurance liabilities.

9 PARTNERSHIP COSTS

Partnership costs represent the cost of services totalling £0.960m (2004-05: £0.958m), provided by CAF/CASS through third party organisations such as Contact Centres and Mediation Centres.

10 OPERATING SURPLUS

CAF/CASS' payments for 2005-06 were met primarily from the cash funding available from the Department for Education and Skills.

In 2005-06 CAF/CASS had an operating surplus for the year of £4.024m including the pension adjustment and £0.469m excluding the pension adjustment and related cost of capital. Excluding the pension adjustment, on a resource basis CAF/CASS overspent against its £100.848m resource budget by £0.332m/0.3%.

	2005-06 £000
Total Resource Budget	100,848
Total Revenue Expenditure	100,839
Total Capital Expenditure	760
Other Operating Income	(416)
Interest Receivable	(3)
Net Expenditure	101,180
(Over) Spend	(332)

11 INTEREST RECEIVABLE AND SIMILAR INCOME

	2005-06 £000	Restated 2004-05 £000
Interest received on staff loans	3	12

12 DEBTORS

	31 March 2006	Restated 31 March 2005
	£000	£000
Other debtors	391	245
Prepayments and accrued income	1,172	1,129
Provision for Bad Debts	(28)	0
	<u>1,535</u>	<u>1,374</u>

Within other debtors is a balance of £0.054m "Salary Overpayment", relating to industrial action taken in March 2006. The sum will be recovered in the May 2006 payroll. There is also a balance of £0.013m within other debtors for amount falling due after one year which relates to accommodation deposits for two properties.

Intra-government balances

Balances with Central Government bodies	62
Balances with Local Authorities	11
Balances with NHS Trusts	15
Balances with Public Corporations	-
Balances with bodies external to Government	1,447
Total	<u>1,535</u>

13 ANALYSIS OF CHANGES IN CASH

	1 April 2005	Cashflow	31 March 2006
	£000	£000	£000
Cash	29	0	29
Bank	(476)	985	509
Total	<u>(447)</u>	<u>985</u>	<u>538</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2006	Restated 31 March 2005
	£000	£000
Overdrawn cashbook	0	476
Trade creditors	1,480	2,258
Accruals and deferred income	3,175	4,036
Taxation and social security	2,289	787
Other creditors	60	36
	<u>7,004</u>	<u>7,593</u>

Intra-government balances

Balances with Central Government bodies	628
Balances with Local Authorities	38
Balances with NHS Trusts	2
Balances with Public Corporations	-
Balances with bodies external to Government	6,336
Total	7,004

15 PROVISIONS FOR LIABILITIES AND CHARGES

	2005-06	2004-05
	£000	£000
Balance of provision at 1 April	550	309
Provision utilised in year	(299)	(216)
Provision reversed unused in year	(198)	(2)
Increase in provision	404	459
Balance of provision at 31 March	457	550
Provisions for Wales		(23)
2004-05 Restated		527

The above provision represents potential liabilities that CAF/CASS, in accordance with FRS 12, considers should be recognised at the balance sheet date.

The increase in provision includes new cases relating to employee claims, legal cases and estimated National Insurance and tax liabilities. The timing and amount of any payments in respect of the provisions established is uncertain but based on the best estimates available.

16 DEFERRED GOVERNMENT GRANT RESERVE

	31 March 2006	31 March 2005
	£000	£000
Opening Balance	2,768	3,795
Grant-in-Aid provided	760	603
Release to Income and Expenditure Account	(787)	(1,630)
Release to general fund due to Wales	(93)	0
Closing Balance	2,648	2,768
Deferred Government Grant Reserve for Wales		(93)
2004-05 Restated		2,675

The cost of assets purchased during 2005-06 has been deducted from grant income and transferred to the Deferred Government Grant Reserve (see note 2). Depreciation on assets purchased by way of the grant has been offset by an equal amount released back to the Income and Expenditure Account from the Deferred Government Grant Reserve.

17 INCOMES AND EXPENDITURE RESERVE

	31 March 2006 £000	31 March 2005 £000
Balance at 1 April	(3,743)	(347)
Prior Year Pension Adjustment	(38,262)	0
Surplus for the year	2,279	(3,396)
Pension Fund Actuarial Losses	(22,050)	0
Wales Fixed Assets	(225)	0
	<u>(62,001)</u>	<u>(3,743)</u>
Income and Expenditure Reserve for Wales		(166)
2004-05 Restated		<u>(3,909)</u>

18 REVALUATION RESERVE

	31 March 2006 £000	31 March 2005 £000
Balance at 1 April	472	314
Upward revaluations of fixed assets	232	227
Downward revaluations of fixed assets	0	(39)
Revaluation released to Income and Expenditure	(24)	(30)
Release to Balance Sheet due to transfer of Wales	(111)	0
Balance at 31 March	<u>569</u>	<u>472</u>
Revaluation Reserve for Wales		(111)
2004-05 Restated		361

19 CASH FLOW STATEMENT

19a Reconciliation of operating deficit to net cash inflow/(outflow) from operating activities

	Note	2005-06 £000	Restated 2004-05 £000
Net Operating Cost		3,608	(3,638)
Depreciation	7	1,594	1,866
Profit on disposal of fixed assets	7	(153)	(486)
Cost of capital charge	1(j)	(1,748)	39
(Increase) in debtors	12	(62)	(26)
(Decrease)/increase in creditors	14a	(249)	2,038
(Decrease)/increase in provisions	15	(93)	240
Downward revaluation of fixed assets	7	46	422
Increase in Deferred Government Grant	16	760	603
Release of Deferred Government Grant	16	(787)	(1,629)
Release of Revaluation Reserve against Downward revaluation of fixed assets	18	0	(39)
Expensing of fixed assets		0	453
Reduction in pension costs	21	(1,863)	0
Net cash inflow/(outflow) from operating activities		1,053	(157)

19b Analysis of capital expenditure and financial investment

	Note	2005-06 £000	2004-05 £000
Payments made to acquire tangible fixed assets	7	737	603
Payments made to acquire intangible fixed assets	7	23	0
Proceeds from the disposal of fixed assets		(271)	(713)
Net Cash inflow/(outflow) from investing activities		489	(110)

19c Receipts which are outside the scope of departmental activities

	Note	2005-06 £000	2004-05 £000
Interest received from staff car loans	11	3	13
		3	13

19d Analysis of financing

	Note	2005-06 £000	2004-05 £000
Other operating income	3	416	190

20 COMMITMENTS

Capital commitments

There were £0.361m contracted capital commitments for IT equipment as at 31 March 2006 relating to the network upgrade implementation.

Operating lease commitments

At 31 March 2006, CAFCASS was committed to making the following annual payments in respect of non-cancellable operating leases expiring:

2005-06	Land and Buildings £000	Other £000	Total £000
Within 1 Year	375	219	594
Between 2 and 5 Years	3,466	687	4,153
Over 5 Years	15,159	28	15,187
	19,000	934	19,934
Restated 2004-05			
Within 1 Year	283	473	756
Between 2 and 5 Years	4,826	592	5,418
Over 5 Years	11,023	5	11,028
	16,132	1,070	17,202

Other Commitments

CAFCASS had a three year contract with Unisys Ltd, ending 31 March 2006. We have exercised the option of a two year extension to continue to provide finance, payroll and IT managed services. The commitment in 2006-07 is £2.764m (including VAT). In addition, Unisys Ltd will also be implementing a new network across the estate, as detailed under capital commitments.

21 PENSION LIABILITIES (FRS 17)

When CAFCASS was formed on 1 April 2001, it inherited transferred staff from 117 previous employers, who together held pensions at other Local Government Pension Schemes. West Yorkshire Pension Fund (WYPF) has now received details for all transferred employees earlier pension schemes and as such it has been possible to produce a FRS 17 valuation.

WYPF's Actuary, Mercer Human Resource Consulting, carried out a FRS 17 valuation for CAFCASS as at 31 March 2006, identifying the position as at 31 March 2005 and the pension costs in 2005-06. A number of issues remain outstanding with respect to deferred members and recently received transferred service. However these are not considered to be material to the overall valuation as calculated.

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

CAF/CASS accounts for scheme liabilities in accordance with FRS 17 – Retirement benefits. This is the first year a FRS 17 disclosure has been made and as such there is limited history of movements in liabilities. The net liabilities as at 31 March 2006 have been brought into the account using a prior year adjustment through the income and expenditure reserve. The in year service cost has been reflected in the Income and Expenditure account.

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

Financial assumptions:

The major financial assumptions used in the valuation were:

	31 March 2006	31 March 2005
Rate of inflation	2.9%	2.9%
Rate of increase in salaries	4.65%	4.65%
Rate of increase in pensions	2.9 %	2.9 %
Discount rate	4.9%	5.4%

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.

Scheme assets:

The fair value of the schemes assets which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the schemes liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain were:

	As at 31 March 2006		As at 1 April 2005	
	Expected rate of return	£000	Expected rate of return	£000
Equities	7.0%	122,967	7.5%	55,225
Government Bonds	4.3%	11,481	4.7%	7,816
Other Bonds	4.9%	7,987	5.4%	1,475
Property	6.0%	8,486	6.5%	3,908
Cash/Liquidity	4.5%	10,316	4.75%	5,309
Other	7.0%	5,158	NA	0
Total market value of assets		166,395		73,733
Actuarial value of liabilities		(224,844)		(111,995)
Deficit in the scheme		(58,449)		(38,262)
Related deferred tax asset		-		-
Net pension liability		(58,449)		(38,262)

The FRS 17 valuation as at 31 March 2006 includes assets and liabilities in respect of the deferred members whose employment was transferred to CAF/CASS Cymru with effect from 1 April 2005.

Analysis of other pension costs credited to the Income & Expenditure Account:

	£000
Current service cost	(8,086)
Employers contributions	6,007
Past service/Curtailment/Settlement gain	5,254
Net interest/return on assets	(1,312)
TOTAL	1,863

Analysis of net return on pension scheme:

	2005-06 £000
Expected return on pension scheme assets	8,259
Interest on pension liabilities	(9,571)
Net gain/(loss)	(1,312)

Analysis of amounts recognised in Statement of Total Recognised Gains and Losses:

	2005-06 £000
Asset gain/(loss)	23,281
Liability gain/(loss)	(27,594)
Change in assumptions	(17,737)
Net gain/(loss)	(22,050)

Movement in deficit during the year:

	£000
Deficit in scheme at beginning of year	(38,262)
Movement in year:	
Current service cost	(8,086)
Employers contributions	6,007
Past service/Curtailment/Settlement gain/(loss)	5,254
Net interest/return on assets	(1,312)
Actuarial gain/(loss)	(22,050)
Deficit in scheme at end of the year	(58,449)

22 RELATED PARTY TRANSACTIONS

CAFCASS is an executive non-departmental public body that is sponsored by the Department for Education and Skills (DfES). DfES as such is regarded as a related party. During 2005-06, CAFCASS had various material transactions with DfES, including the receipt of £100.865m grant funding from DfES.

There were no related party transactions with Board Members or the National Management Team during the year other than those associated with remuneration for normal duties.

23 POST BALANCE SHEET EVENTS

No material events occurred between 31 March 2006 and the date the accounts were signed that require disclosure.

24 FINANCIAL INSTRUMENTS

Financial Reporting Standard 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the largely non-trading nature of its activities and the way in which government departments are financed, CAFCASS is not exposed to the degree of financial risk faced by business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which Financial Reporting Standard (FRS) 13 mainly applies. 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.

As permitted by FRS 13, debtors and creditors, which mature or become payable within 12 months from the balance sheet date have been omitted from the disclosures.

Fair values

There is no difference between the book value and fair value of any of CAFCASS' financial assets and liabilities as at 31 March 2006.

Liquidity risk

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

Interest rate risk

CAFCASS is not exposed to significant interest rate risk.

Foreign Currency Risk

CAFCASS is not exposed to any significant foreign currency risk.

25 PRIOR YEAR ADJUSTMENT

During 2005/06 West Yorkshire Pension Fund (WYPF) received details and funding transfers for transferred employees earlier pension schemes. Following receipt of this information in 2005/06 CAFCASS has been able to undertake an FRS 17 valuation to determine the assets and liabilities of the scheme. The opening balance liabilities and reserves have been adjusted to recognise the pension liability that existed at the 1 April 2005 based on the valuation provided by the scheme actuaries.

Contact details

We can be contacted at the national office address:

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Further information is available on our website www.cafcass.gov.uk, including our 2005-07 Business Plan.

We have the following leaflets that explain the work we do:

- > The Role of CAFCASS
- > The Children's Guardian
- > The Children and Family Reporter
- > The CAFCASS Officer in Adoption
- > Your views count – how to make a comment, compliment or complaint about our work

These leaflets are also available in 11 community languages and on audiotape.

We also have a series of six leaflets for children and young people that explain the roles of the Children and Family Reporter and the Children's Guardian.

Copies of the CAFCASS Service Principles and Standards and Comments, Compliments and Complaints policy are available on request from CAFCASS offices and are published on our website.





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