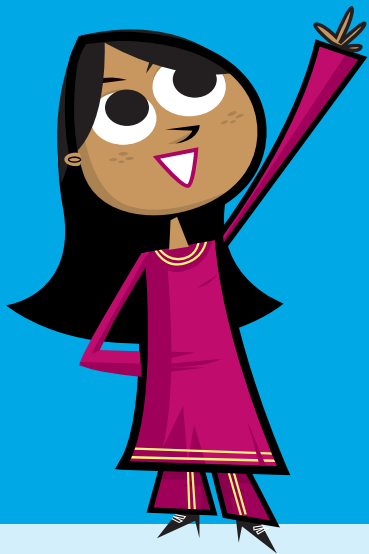


Annual Report & Accounts

2007-08



Children and Family Court
Advisory and Support Service

An executive non-departmental public
body of the Department for Children,
Schools and Families

children and Family court Advisory and Support Service

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2007-08**

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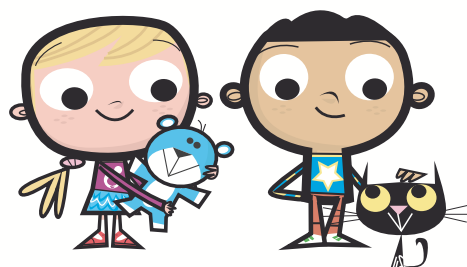
To the Secretary of State for Children, Schools and Families

Laid before Parliament by the Secretary of State for Children, Schools and Families
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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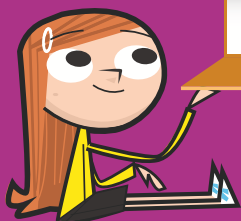


our purpose



Cafcass has a statutory responsibility in England 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 that 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 Secretary of State in the Department for Children, Schools and Families (DCSF). 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.

Please note that whilst we refer to the Department for Children, Schools and Families (DCSF) throughout this Annual Report and Accounts, departmental changes were announced by the Prime Minister on 28th June 2007. Prior to this the date Cafcass' sponsoring department was the Department for Education and Skills (DfES).



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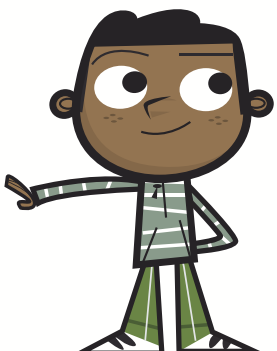
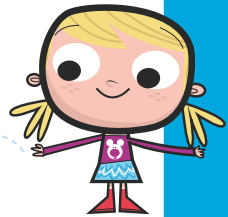
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Overview by the chair

This year has seen significant improvement in our capacity to deliver frontline services. There have been major enhancements in our IT capabilities, in management information and our policies and procedures, and we have produced and implemented new National Standards. A great deal of important collaborative work in the wider family justice sector has happened this year, and we have been at the centre of it. Performance against our Key Performance Indicators set last year has improved and we are now focusing on improving the quality of our interventions.

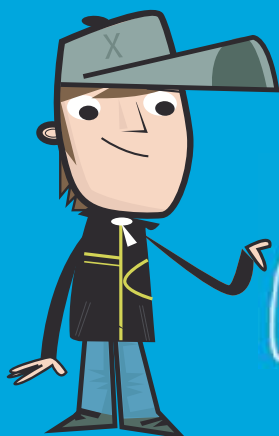
I have seen the management team here grow from strength to strength which is so vital in an environment which spans both the legal and social care worlds. So my thanks go to all of them for their commitment and hard work. I am also immensely privileged to work with a Board that has breadth and depth in experience from a range of sectors. Particular thanks must go to Baroness Howarth who continues as Deputy Chair and to Nick Stuart who again has done a great job as Chair of our Audit Committee. We have been joined by Ernie Finch who I would like to welcome and who replaces Judith Timms. It was particularly important that the Board should be stable for a prolonged period following our early difficulties and I thank Judith most warmly for her vital contribution.

Reading through this Annual Report underlines for me the scale of change that Cafcass implemented this year. As our Chief Executive, Anthony Douglas, CBE, makes clear in his foreword, these are changes that will not need

to be repeated in the near future. It is now essential for us to consolidate and share good practice across the organisation. A great deal of work by staff has come to fruition and the work done over the last twelve months will provide the bedrock of improved outcomes for children and families in the years to come. The structural changes made in 2007-08 will allow staff to focus on the key theme that runs through this report and that is the need to improve frontline practice.

This year our sponsoring department has given us a three-year grant settlement for the first time. This reflects the growing confidence of Government in our capacity to deliver but, importantly, it also means that we will be able to plan improvement for the longer term.

This will be my final Annual Report as Chair, as my term of office comes to an end in December 2008 after five momentous years. It has been very challenging but a huge honour to Chair Cafcass in such a key stage of its development. I know that the Board has every confidence that Cafcass will meet its ambition of delivering high quality services to the children and families we work with and it has been a privilege to play a part in that.

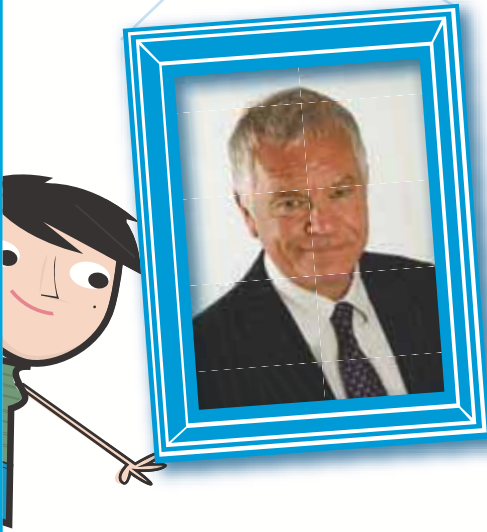


Baroness Pitkeathley, OBE





Chief Executive's Report



Cafcass was seven years old on 1st April, at the end of the year under review – 2007-08. Our age is also a metaphor for our progress. We have grown up very fast, with many achievements under our belt, yet we still have a long way to go. That theme runs throughout our Annual Report, and I will use that framework in my foreword.

We now perform strongly across the vast majority of our statutory functions. Performance management; financial controls, including efficiency savings programmes; resolution of complaints at an early stage; a revamped internet and intranet; the development of contemporary business systems, including much improved IT kit for our Family Court Advisers (FCAs) and the allocation of work within the timescales set in last year's Annual Report – all show a marked improvement. In many ways, this is the fruit of our concentrated efforts over the last few years to build a stronger and more sustainable Cafcass. That required a much more robust infrastructure than we had, given the complexity of supporting 77,000 children directly, and yet more indirectly, throughout England and through our 74 local teams.

We also continued our transformation of practice models throughout 2007-08. In public law, we played a major role in the implementation of the Public Law Outline (PLO), the new procedure for progressing local authority applications for a child deemed to be in need of public care. This involved our FCAs filing an early case analysis rather than a full report towards the end of a case. This was a sea change in practice and I would like to pay tribute to staff for embracing this so positively and so quickly.

In our private law practice, we continued to roll-out our new Private Law Pathway, with its

emphasis on an early case analysis, case plan and more direct work with parties in a case, rather than the traditional report-writing model – though this is still required in a high proportion of cases. This was another sea change in working practices, and I would repeat my tribute to my staff for embracing this model with passion and commitment and seeing it as a way of understanding the needs, wishes and feelings of individual children in more depth. Much more work is needed on this model in 2008-09, including with judges, so that we develop something akin to the clear inter-agency model we now have in public law.

The year was also characterised by the first restructuring of operational teams since the birth of Cafcass in 2001. This was needed to put more management support into local teams. We changed from 10 regions to 21 local service areas, each run by a new Head of Service. Going in the other direction, we established three new operational areas, for the North, Central and South of England, to carry some of the corporate functions run by the former regions. Much of the year was taken up by going through this change, which was unsettling for many staff, and one that should only be made once a decade as stability is vital to the success of an operational organisation. Another crucial workforce change linked to the restructuring was an expansion of the number of Family Support





Workers (FSWs) in local teams, to provide more direct work to children and their parents and carers, particularly in private law cases.

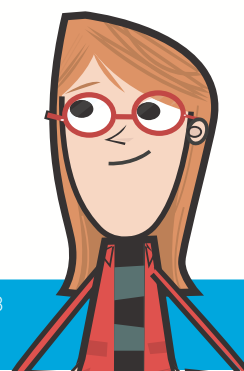
Towards the end of the year, we heard we had received an excellent three-year budget settlement from the Department for Children, Schools and Families (DCSF), details of which are set out in the body of the report. This will allow us to invest properly, for the first time, in our top priority for the 2008-11 period – practice improvement. Whilst we have improved performance on allocations, including no longer having delays in public law cases in London, which used to stand at several hundred cases, we do need to transform the quality of the service we provide to children and their families, particularly in private law cases. Ofsted inspections and our own practice audits reached the same findings in 2007-08 – that of significant practice deficits which need urgent remedial action. At present, we are being judged and judge ourselves against our own new National Standards, ahead of our ability to meet them in full. As a result, we are planning to invest heavily in practice support and in-house practice consultancy for the whole of the 2008-11 period. I expect to report a stronger position by this time next year.

Our main priorities for 2008-09 are to improve frontline practice, especially in private law cases,

focusing on improved risk assessments, case plans, case recording and direct work with children. Behind the scenes, we have priorities to improve our data handling and verification, and to manage our change of IT provider to a new seven-year strategic contract with Fujitsu UK.

Each year, Cafcass, still a young organisation, puts more services and systems in place, many of which are described in this report. As a frontline service, we are only as good as our service is to each of the children whose voices we have a duty to articulate in court and to all those concerned about them. That has always been the heart of our work, and always will be. We face the future knowing exactly what we have to do, and with confidence.

Anthony Douglas, CBE



Section 1:

Management commentary

About Cafcass

The Children and Family Court Advisory and Support Service (Cafcass) is an executive non-departmental public body that was established on 1st April 2001.¹

Cafcass champions the interests of children² involved in family proceedings, advising the family courts in England on what it considers to be in the best interests of individual children.

Our primary duties, as set out in the Act,³ in respect of family proceedings where the welfare of children is or may be 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 has published new National Standards,⁴ implemented in June 2007, which provide more detail about the way in which we deliver our services.

Cafcass' professionally qualified social work staff, called Family Court Advisers (FCAs), work exclusively 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 Children's Services departments in local authorities (public law). In these instances our FCAs act as Children's Guardians.
- An adoption application (public law). In these instances our FCAs 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 Children 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).

¹ Cafcass was established by the Criminal Justice and Court Services Act 2000 (the Act). Responsibility for Cafcass lies with the Department for Children, Schools and Families (DCSF).

² The terms "children" and "child" are used throughout this Annual Report to refer to children and young people.

³ Cafcass' specific powers can be found in sections 12, 13, 14, 15 and schedule 2 of the Act. Paragraph 10 of schedule 2 enables Cafcass, subject to directions given by the Secretary of State, to do anything that appears necessary or expedient for the purposes of, or in connection with, the exercise of its functions. In particular this includes holding land and other property, entering into contracts, investing and accepting gifts.

⁴ Cafcass National Standards.

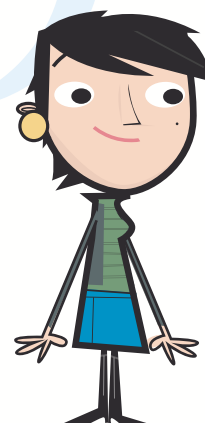


our vision⁵

Cafcass will:

1. Put children first.
2. Keep children as safe as possible.
3. Ensure each child has a voice that is heard, understood and respected in the family courts, in a way that is consistent with, and responds to, each child's wishes, competence and understanding.
4. Start with the child and stay with the child, throughout the life of cases.
5. Be clear about the needs, wishes and feelings of individual children in family court cases, as the core business of Cafcass.
6. Make a contribution to securing the safest, high-quality outcomes possible for each child, and evaluate this contribution after a case is closed.
7. Respect the importance of family life and family members for each child.
8. Respect the diversity and individuality of each child and family.
9. Throughout the organisation, keep the focus on frontline services.
10. Maintain our independence and objectivity at all times, in all circumstances.

our values



⁵ Cafcass National Standards.

Strategic Business Plan

We set out our ambitions in a three-year Strategic Business Plan for 2007-10. All of the work we do makes a vital contribution to the achievement of the five outcomes for children outlined in 'Every Child Matters': being healthy, staying safe, enjoying and achieving, making a positive contribution and achieving economic well-being. We have made good progress in achieving many of our targets, while others will take the full three-year period to deliver. We have ten objectives, which we have grouped under three broad themes to help us achieve our primary purpose. Here is a summary:

Theme 1

Delivering excellence in all we do

Objectives:

1. Provide a high quality, cost effective and culturally competent service, which safeguards vulnerable children and improves their health and well-being.
2. Deliver on our National Standards.
3. Continually shape improvements to our service, which are informed by how our service users and stakeholders perceive our service.
4. Develop effective and collaborative partnerships that will facilitate the delivery of positive outcomes for children and families.

Theme 2

Developing and Supporting our workforce

Objectives:

5. Create a positive organisational culture, which values, respects and empowers employees and where employees champion the values and principles of Cafcass.
6. Ensure that the shape, skills and capacity of the workforce is right to deliver our services.
7. Develop our leadership capacity so that it supports organisational and staff improvement and effective delivery of services.
8. Implement a people strategy that recruits, rewards, retains and develops a flexible and diverse workforce, which reflects the communities we serve and makes Cafcass a leading employer for staff in our sector.

Theme 3

Delivering Value

Objectives:

9. To provide the tools, skills and confidence to enable Cafcass to behave as, and to be recognised as, a credible and professional organisation.
10. Being more efficient and adding value in all we do.



Overview of Service Provision

This has been a year of major change: we implemented our National Standards, which set out for our service users and for our staff what can be expected of us; we realigned our service delivery so that it is more locally managed; and we have strengthened the role of the first line manager so that we can focus more on providing a consistently good service to all the children and families we work with across England.

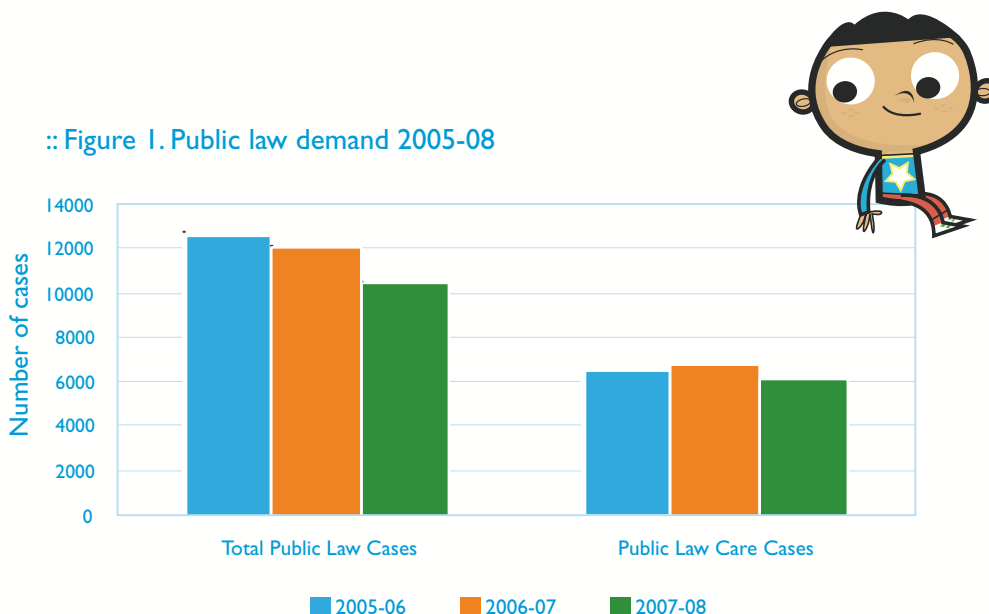
Public Law Practice

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

This year there has been a change in the way family proceedings operate through the development of the Public Law Outline (PLO) in England and Wales, which replaces the Protocol for Judicial Case Management of 2003. Cafcass played a major part in the inter-agency Steering Group, which managed the development and contributed to the multi-agency training materials and was chaired by our Chief Executive. Cafcass teams participated fully in the ten court areas that piloted the new proposals throughout the year and supported the development of these revised procedures and improvements in working practice.

In comparison with previous years, public law care applications to court have fallen during 2007-08 by 8.3%. However, previous trends show that when new developments have been introduced, such as the Protocol for Judicial Case Management in 2003, applications to court also fell while local authorities adjusted to new requirements. We are currently seeing a similar trend and will continue to monitor public law work closely to assess the impact of the PLO on demand.

:: **Figure 1** provides an overview of public law demand over the last three financial years. Care proceedings accounted for well over half of the requests (6,228). Overall, we responded to a total of 10,499 public law requests of all types during 2007-08, compared to 12,104 in 2006-07, a decrease of 13.3%. This includes other types of proceedings such as Adoption, Discharge of Care and Emergency Protection.



CASE STUDY

PLO pilot in the North West

The Cheshire and Merseyside teams were involved in one of the PLO pilot areas and implemented significant changes to their approach to public law cases within the first two months, following notification to us. The teams were able to build on strong existing local links with Children's Services teams in local authorities and with local judges quickly, in order to develop systems and protocols to ensure a partnership approach that was compliant with the new requirements.

For Cafcass staff, the pilot required allocation of a new case within one day, some meaningful work with the local authority, as well as with the child and their family, and then attendance at the first hearing which is often held within a few days. The management team developed a contingency plan to spread the load of allocation across the two areas and to ensure compliance.

One of the key ingredients in successfully implementing the PLO in Cheshire and Merseyside has been the willingness of our FCAs to respond quickly, to adapt their practice and completely change their method of reporting. This has provided a firm basis to continue developing the changes in working practices required of us.

Joanne Hornby, an FCA from Southport who was involved in the pilot said, "The PLO has ensured earlier and continuous highlighting of the children's needs, wishes and feelings for all the parties to consider. The early involvement of the FCA has a greater impact on cases – more information is readily available at the start of proceedings and there is a reduction in waiting time if a final hearing is required. My analysis of the issues is known to the other parties and to the court far more speedily, thereby enabling the direction of the case to be quickly understood and specific issues to be focused on. All of this ensures that everyone remains focused on the individual child and their timetable."

Adoption and Placement Related Proceedings

In comparison to the same period last year, public law adoption requests were up by 9.6% from 1,484 to 1,627 which constituted an increase of 143 cases, with seven of the old regions showing a rise. A significant increase was also seen in the number of Special Guardianship applications, which numbered 344 in 2007-08. However, figures here cannot easily be compared with previous years as new legislation means that Special Guardianship applications now include step-parent adoptions which were not previously covered. The witnessing of consent in respect of relinquished babies and children pre-court is a new responsibility for Cafcass and there were 216 such cases in 2007-08.



Private Law Practice

In private law, we have not been able to meet our aspirations to roll-out the Cafcass Private Law pathway in all local teams. However, in those areas where Cafcass teams and the judiciary have worked together closely and where the position has not been complicated and undermined by delays and a shortage of resources and / or capacity, there is evidence that this approach has worked well for families. We continue to work with the President of the Family Division to improve the handling of private law cases which will build on the President's Private Law Programme.



CASE STUDY

Private Law Pathway

"We are delighted with the way the Pathway is working. You are clearly doing a great deal of effective work during the six weeks between issue and first family meeting hearing. The short reports are coming in for us to use; the process of interviewing children and parents before the hearing seems to be more effective than the work that we did together under the Private Law Framework process. We are listing more cases and are getting through more work with the flexible listing system that we have. We are promoting more and better prepared agreements between parents, and are seeing some quite remarkable results in individual cases. Any system that has to depend on Section 7 reporting taking four to six months is just not child-focused at all. The Pathway recognises that, and infuses much more proactive urgency into the system."

*John Flanagan, District Judge
Leeds Combined Court*

"One of the best features of the scheme is the degree of flexibility it has brought to my practice – we can advise the court that other, often shorter and more focused reports can be undertaken rather than the standard Section 7 report."

Charlotte Cooklin, FCA, St. Helen's

In 2007-08 Cafcass received a total of 39,432 private law case requests. One of our goals in our private law work is to invest time in working directly with families to reach agreement where it is safe to do so and to reduce conflict. Research has shown that ongoing conflict within a family is damaging for children, which is why we are making this investment. However, more work needs to be done on the longer-term sustainability of agreements reached through this type of work.

In 2007-08, our FCAs participated in 19,534 dispute resolution meetings, spending 72,704 hours on these cases. This is an increase in time spent on early intervention of 25.6% this year and an increase of 67.8% over three years.

Where agreements cannot be reached through dispute resolution, the court may 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.

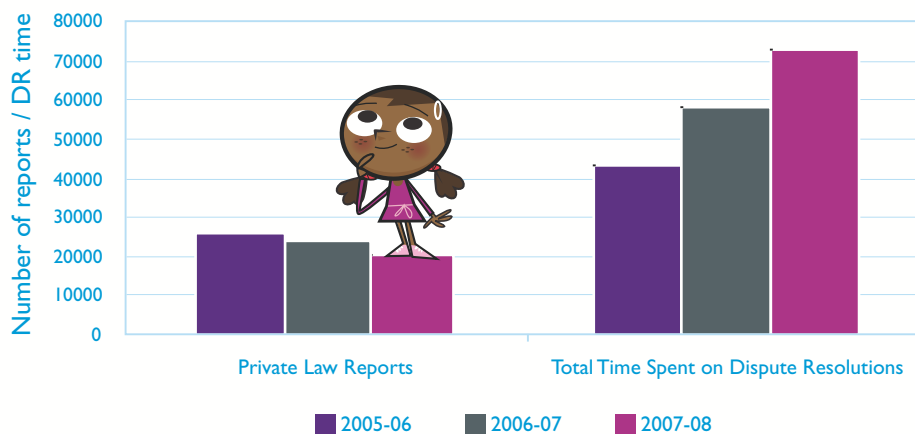


A private law case can involve more than one type of order and frequently leads to more than one Section 7 report. We responded to 20,267 requests for private law reports during 2007-08, a reduction of 15.3% on last year's figures.

This reduction in the number of Section 7 reports may be due to our increased focus on dispute resolution work but we cannot be certain of the link between the two. We also need to understand the correlation between lower rates of divorce nationally, the increase in single parents and the decline in referrals to court. We would also exercise caution in making comparisons with previous years because we do not believe that data on dispute resolution had been recorded robustly. We can, however, say that an analysis of Section 7 reports carried out in Norfolk demonstrated that our FCAs were spending 42 hours on average on each report, as opposed to around 25 hours in 2001, because we are filtering out the less complex cases through dispute resolution. We would expect this to be a common experience across all of our service areas. A time-recording exercise planned for April 2008 seeks to identify new average case times.

:: **Figure 2** provides an overview of private law demand over the last three financial years.

:: **Figure 2. Private law demand 2005-08**



When a child is involved in a particularly complex and / or protracted private law case, he / she can be made a party and separately represented by a solicitor and an FCA, under Rule 9.5 of the Family Proceedings Rules (1991). The demand for this type of case has increased by 22.6% over the last three years. In 2007-08, we responded to a total of 1,269 cases, compared to 1,206 in 2006-07, an increase of 5.2%. Such cases require more resources than our other private law work, taking on average 40-50 weeks to complete.



CASE STUDY

Breaking down the barriers

A highly conflicted situation between two parents that lasted for almost a year resulted in the judge making a Rule 9.5 application. The father had previously been assessed by another agency as unlikely to change and they recommended that he no longer have contact with his children. However, the children appeared to be strongly attached to him and there was concern about how such a proposal would affect their long-term well-being.

At this point the legal representatives, the children's solicitor and the FCA met to discuss a possible way forward. The parents were offered a joint, structured meeting, in a neutral venue, the Cafcass office.

During the meeting the parties were able to come to an agreement enabling contact with their children to occur. A further meeting was arranged to ensure the planning was effective and to assess the outcomes for the children. Over the course of six weeks, both parents reported a much-improved situation for their children with contact that met the children's needs occurring consistently.

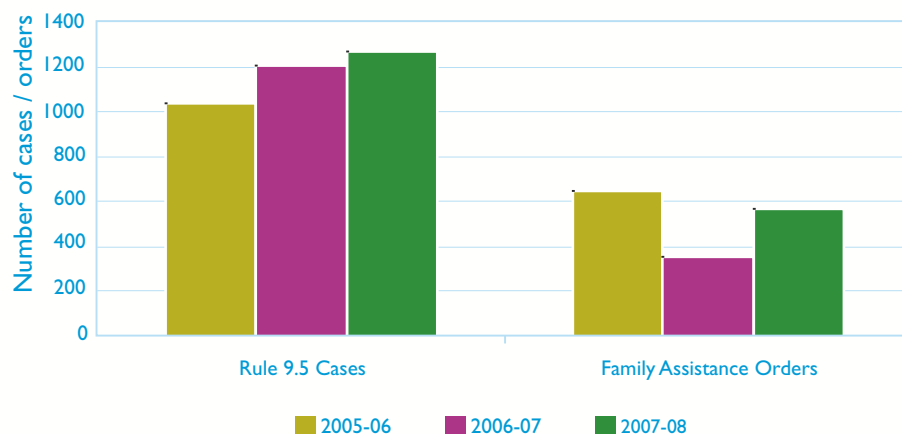
The FCA reported that, "This approach has proved particularly useful where parents refuse to meet together in the usual way at the Cafcass office. The formality of having solicitors present, along with a structured agenda offers safety to both parties, clear focus to the meeting and provided a context enabling constructive change most likely to meet the needs and wishes of their children."

Cafcass is also involved in Family Assistance Orders (FAOs) at the end of proceedings, which provide social work support to families experiencing difficulties after separation or divorce. We responded to 563 FAOs during 2007-08, compared to 351 in 2006-07. This sharp rise of 60.4% can be attributed to the Children and Adoption Act 2006, which provided for the extension of FAOs from six to 12 months and removed the 'exceptional' criteria, with the result that FAOs could be made in an increased number of cases and could be of longer duration. FCAs are increasingly moving away from report writing into casework and FAOs are one such effective way of achieving this.

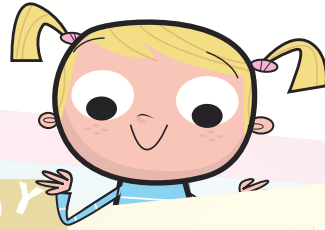


:: Figure 3 provides an overview of these two additional types of private law proceedings.

:: Figure 3. Other private law demand 2005-08



Overall, the cases we are working with in both public and private law are becoming more complex as the nature of the family unit changes. We have also seen an increase in more complex drug and alcohol-related issues and more complex asylum and immigration issues. All of these require more time, better partnership working and time for developing skills through training. Demand for our resources has remained steady but together with the new changes to the ways of delivering our services in family courts, this has absorbed our FCA capacity to its maximum.



cafcass Legal and our High court team

Cafcass Legal and the High Court Team dealt with a case of a 12 year old girl who had told her school teacher that she thought she was about to be taken out of the country to be married. The local authority was informed and made an application to the High Court for an order prohibiting the removal of the girl from England. The child very quickly retracted her allegation but further investigation was clearly necessary.

The FCA, Judith Bennett-Hernandez, spent time with the parents and older brother to establish whether there was a risk that the child would be married against her will. She carried out an in-depth assessment of the risk and held a family meeting to discuss the child's disclosure and the family's future plans. She proposed that the local authority assist the family but eventually concluded that, even if removal from the country had been planned in the past, there was little evidence to suggest the family subscribed to forced marriage.

At the hearing the court made an order that the parents could remove the child from the jurisdiction but should notify the local authority of any such intention so that, if there was a concern about the child's safety, proper measures could be taken to protect her.

This case illustrates the ability of the FCA, Cafcass lawyer and local authority to work together to produce a timely and appropriate response for a child in a delicate cross-cultural situation.



Business Development

The roll-out of our Case Management System (CMS) and migration of our data from over 100 legacy systems to a centralised database holding case information for the whole organisation was completed in March 2007.

2007-08 was our first full year of managing our database electronically. The new system will ensure that going forward, data comparisons with previous years will be more robust. For example, under the previous systems additional applications to an existing case such as contact, placement and special guardianship, were entered as separate cases. However, in order to better understand the history of a case, these are now added to the existing case. An analysis shows that this could account for a proportion of the decline we are reporting in public law applications this year.

Similarly, in previous years we calculated private law demand by the numbers of Section 7 reports the court had requested. However, this did not tell the full story as some of our resources were invested in early intervention work. We now account for all our private law work through the numbers of CI⁶ applications we receive from court which are screened for risks in line with our safeguarding duties. Depending on the level of risks involved, some applications result in no further work for Cafcass, or are referred to local authority children's services. Applications involving further work for Cafcass may either be referred to a dispute resolution meeting or may be referred for a Section 7 report.

The CMS team improved the way the system works following staff feedback including adding a messaging function to contact our CMS experts and a tool to search for solicitors. In the forthcoming year, new legislation will require CMS to record enforcement orders, which will necessitate further development of the system and new processes for staff. We have also invested in a team of trainers to support staff in embedding the use of IT and CMS and ensuring greater consistency of data. For 2008-09 we are recruiting a further four trainers and more emphasis will be given on supporting FCAs to enter case activity directly into the system.



⁶ CI is the standard form for making an application to the family courts.

How We Met Our Key Performance Indicators

This section describes the substantial progress we have made against our Key Performance Indicators (KPIs) this year. The trajectory of performance improvement was particularly strong in the final quarter of the year and this gives us a good platform for practice improvement during the forthcoming year. Please note that in this section we refer to the ten regions under the old Cafcass structure. The new structure, comprising 21 local service areas, came into effect on 1st April 2008.

Our staff have responded to the challenge of meeting ambitious targets during a period of significant organisational restructure and practice improvement. Progress against our six Key Performance Indicators, as agreed by the Secretary of State for Education and Skills in 2007 (prior to the departmental changes in June 2007), is charted below.

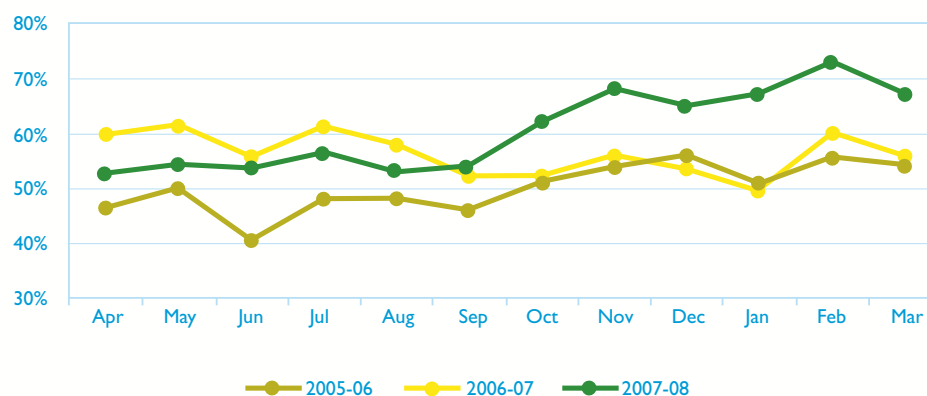
Key Performance Indicators

● Meets target ● On target to meet ● Does not meet target

KPI 1		
By March 2008, 60% of allocations during the month for Section 31 cases (care and supervision) should be within two days from receipt of request (:: Figure 4)	<p>60.1% Achieved and improved</p> <p>●</p>	<p>Nationally we have achieved the target, with performance increasing from 55.4% in 2006-07. Five regions exceeded the 60% target (East Midlands, Eastern, South East, South West and Southern), with two on target to meet the KPI (North West and West Midlands).</p> <p>Significant improvements were made in the second half of the year with quarter four being the highest performing quarter, since the inception of this KPI. This places us in a good position for the implementation of the new Public Law Outline (PLO).</p>



:: Figure 4. National public law (KPI 1)
Section 31s allocated within two working days



KPI 2

No more than 3% of the public law workload should remain unallocated at month end.
(:: Figure 5)

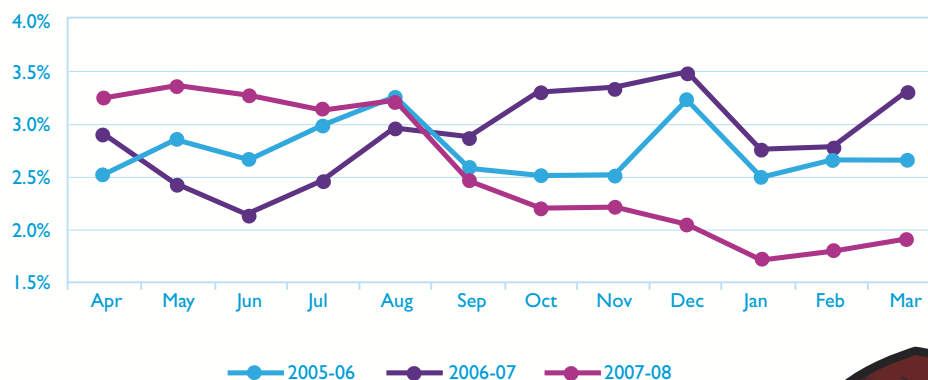
2.5%
Achieved and improved
●

Significant improvements were made in the second half of the year with quarter four being the highest performing quarter since the inception of this KPI, at below 2%. Nationally we have maintained the public backlog within the target of 3%, with performance improving from 2.9% in 2006-07. Eight regions met the target of 3% or lower (East Midlands, Eastern, Greater London, North West, South East, South West, Southern and West Midlands), and one region was on target with lower than 3.5% (Yorkshire & Humberside).

As with KPI 1, this stands us in good stead for the implementation of the PLO.

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.

:: Figure 5. National public law (KPI 2)
Unallocated workload snapshot



KPI 3

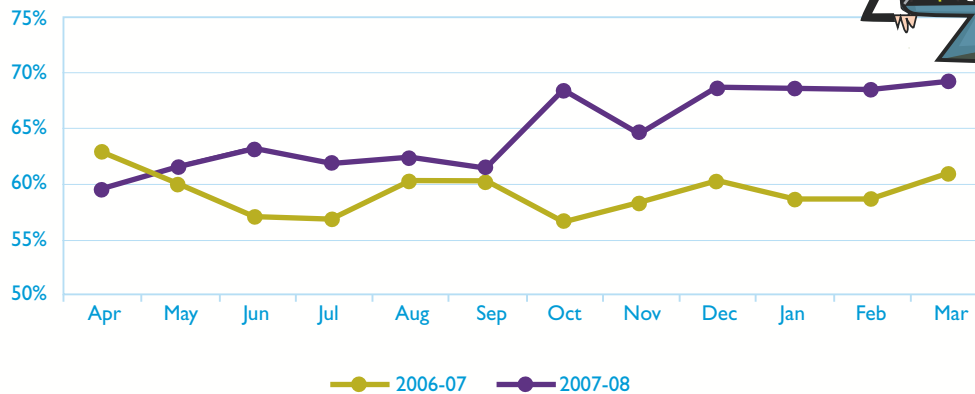
60% of dispute resolutions (including extended dispute resolutions) resulting in full or partial agreement.
 (:: Figure 6)

64.7%
 Achieved and improved
 ●

Nationally we have achieved the target, with performance increasing from 59.4% in 2006-07. Eight regions met the KPI (East Midlands, Eastern, Greater London, North East, North West, South West, Southern and West Midlands), and two were on target to meet the KPI (South East and Yorkshire & Humberside). This improvement may also be evidenced by the fall in Section 7 reports throughout the year.

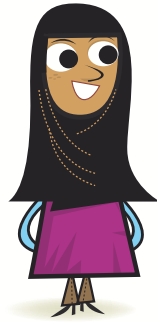
Our dispute resolution work aims to help families resolve conflict at an early stage and come to an agreement about arrangements for their children, which can then be agreed in court.

:: Figure 6. National dispute resolutions (KPI 3)
 Dispute Resolutions Resulting in Full / Partial Agreement



KPI 4

The percentage of service users expressing overall satisfaction with Cafcass. (Identify baseline)



The sample we have gathered is statistically small and insufficient to allow us to set a benchmark figure, which we hope to do by the end of September 2008. We will be setting a target for improving satisfaction with our services over the next two years.

On 1st December 2007, Cafcass introduced a new online feedback system called HearNow for children and adults to help us measure user satisfaction with our service. 280 questionnaire responses were received. Of these, 158 (56.5%) were from children and 122 (43.5%) from adults. 71% of all child respondents and 52% of adult respondents were either 'very satisfied' or 'fairly satisfied' with Cafcass' service; 12% of children and 23.6% of adult respondents were 'not satisfied'; and 17% of children and 24.4% of adult respondents were unsure.

Further figures will be published when we have received more responses.

This KPI is aimed at understanding the experience of our service users and learning from it.

KPI 5

95% diversity monitoring forms returned for all service users.

86.5%
Partially achieved and improved



Nationally the performance has significantly increased from 61.2% in 2006-07, with all regions showing a significant improvement. Four regions achieved higher than the national average (East Midlands, Eastern, South East and West Midlands). This has informed our workforce planning and will be key information for our Service Areas Business Plans.

This KPI is aimed at understanding who our service users are and using the information to better plan our services so it is relevant and better meets their needs.

KPI 6

95% appraisals completed for all staff within a 12-month period.

67.9%
Not achieved but improved



Nationally the performance has increased from 60.3% in 2006-07, with all regions showing an improvement. Five regions achieved higher than the national average (East Midlands, Eastern, North West, South West, and Yorkshire & Humberside). This has been achieved against a backdrop of organisational change and restructure.

During this year the appraisal format was reviewed and a new streamlined process was issued. An audit carried out during the final quarter showed there is still an issue in ensuring that appraisals are recorded accurately after taking place. We will be monitoring this KPI closely next year.



Service developments

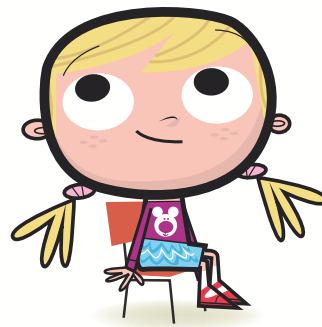
2007-08 was an important year for Cafcass as a number of key changes were introduced that will or have already impacted positively on the quality and range of services we offer. These developments are in line with our three-year Strategic Business Plan. Examples are set out below.

Development and implementation of National Standards and new practice pathways

In June 2007 we began to implement our new National Standards, which set out a service level agreement for our service users and partner agencies with which to hold us to account, and outline our clear expectations of our staff.

The Standards, which were subject to extensive consultation, bring together all strands of our work including recent practice developments such as:

- The Safeguarding Framework
- The practice pathways
- New public and private law models
- Stronger emphasis on children's active engagement
- Stronger emphasis on diversity
- Quality Assurance safeguards.



In consultation with our staff and our partners, we have developed practice pathways that illustrate how the National Standards apply to each stage of a case in private law, public law and adoption and that set out a clear model for our staff to follow and adhere to. They also incorporate the requirements for Cafcass under the new PLO and the President's Private Law Programme and show what these changes mean for the way our FCAs work. We are also developing an interactive online practice pathways tool, which will make it easier for FCAs, business support staff and managers to access practice-related documents and guidance that corresponds to each stage of a case.

To support staff in adapting to these changes, 1919 FCAs and Service Managers attended a National Standards training programme, which was mandatory, together with over 320 business support staff.

CASE STUDY

Modernising our Private Law Practice

One FCA, who has years of private law experience said of the Private Law Pathway, "I can't tell you how excited I am about this – I just wish I was younger so I could do it for longer. I feel this way of working really keeps the child at the centre of proceedings."

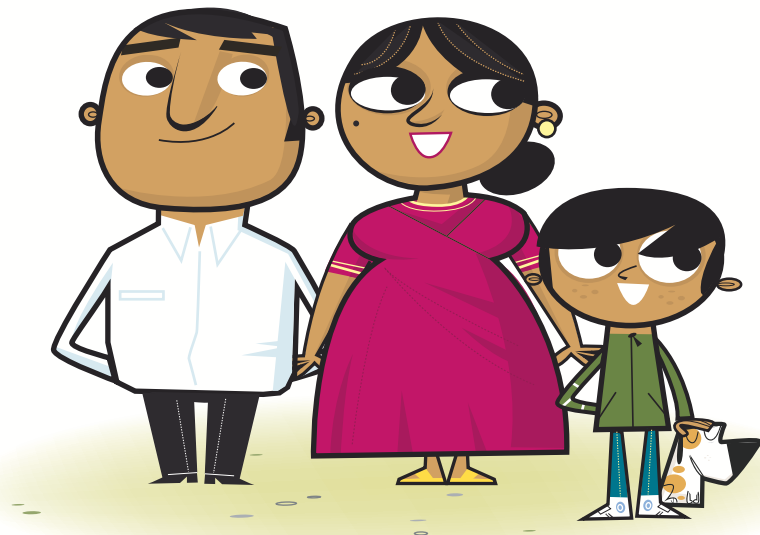
Claire McConnel, Service Manager in Swindon said, "The success of implementing the Private Law Pathway has been due to having a dedicated FCA, championing and driving the team forward. The PLP has enabled us to introduce a more powerful way of working. FCAs are happier doing private law work and are enthused when cases that would normally be destined for Section 7 reports, reach safe agreement before the first hearing."

Safeguarding

From 1st April 2007 Cafcass introduced a Safeguarding Framework that brought together a range of previously separate policies relating to safeguarding children into one single document. Safeguarding is the first of Cafcass' National Standards underlining our primary purpose to safeguard and promote the welfare of each child referred to us and to understand any specific safeguarding needs in each case. The framework outlines the joint roles and responsibilities of all our staff in safeguarding children and sets out the way in which we work with other agencies.

The Children and Adoption Act 2006 places a duty on Cafcass, where there are concerns about possible risk, to undertake an assessment and report to the appropriate family court. This means we now screen all cases for risk to the child or other family members. A continuous risk identification process is applied to all cases, using a three stage risk assessment tool. The three stages are:

- Stage 1 Screening** – this process leads to a check of whether any factors that give rise for concern about the well-being or safety of the child or relevant adult family member are present.
- Stage 2 Risk identification** – a structured approach, based on initial meetings with the adult parties and (usually) the child, to describing any risk factors which are present, assessing the likelihood of harm and making an initial analysis about what needs to happen to reduce and / or manage the risk.
- Stage 3 Safety Assessment** – is a more detailed process, over a lengthier period of time, during which there is an analysis of the factors causing concern; the current and potential involvement of various relevant agencies; and developing a long-term plan for the reduction and / or management of risk.



CASE STUDY

Multi-agency collaboration to safeguard children

We continue to be a core member of Local Safeguarding Children Boards (LSCBs), and increasingly our staff participate in local Multi Agency Risk Assessment Conferences (MARACs).

Julie Skorupka, Service Manager in Preston, has been working with the local MARAC which includes representatives from health services, social care, probation, police, drug and alcohol related services as well as independent domestic violence advisers and staff from Refuge and Shelter.

“While MARACs are quite a new initiative, I feel that in 23 years of child care work these are the way forward and we achieve so much in a monthly meeting. They provide a great platform for information-sharing to build the fullest possible picture of the families we work with.

In one case where we had evidence of domestic violence, I shared these concerns with other relevant professionals. It turned out that not only was the individual an alleged perpetrator in one relationship involving risk to children, but through information-sharing we established that the individual had a second parallel relationship which involved children who were also at risk. By pooling information we were able to identify the full extent of the risk to the children and factor this into our analysis to court.”



CASE STUDY

Uncovering the truth amidst complex allegations

Ms X made a referral to the local authority's children's services alleging that her ex-husband Mr Z had been sexually abusing Child E, and stopped contact. This matter was fully investigated by the police who concluded that there was no evidence to substantiate Ms X's allegations.

Mr Z subsequently made an application to court for contact with Child E. The court ordered that contact should be reinstated and further directed an Interim Section 37 report by children's services and full police disclosure. Due to further allegations by Ms X, the court directed that Child E be made party to the proceedings.

Despite a Finding of Fact Hearing before a District Judge and a full police investigation that vindicated Mr Z, Ms X continued to make allegations of sexual abuse, began questioning Child E following contact with his father and demanded that he be medically examined. The FCA raised her concerns about Ms X's behaviour with the court and stated that she believed the continued questioning of the child and the desire to have him medically examined was in itself abusive to Child E.

The court granted a residence order to Mr Z and a Family Assistance Order to the local authority, in order to support Ms X's contact with Child E, which was to be supervised by the maternal grandparents, who would also have contact with Child E in their own right.

The early decision to make Child E a party to the proceedings and subject to an Interim Care Order, and to then subsequently change his residence and allow for supervised contact with his mother, enabled a safe and well-supported plan to be made for his future that avoided protracted private law proceedings and significant emotional harm to the child.



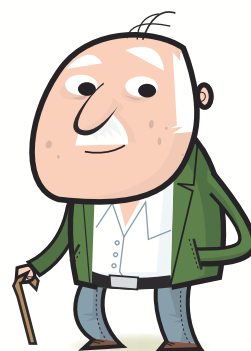
Practice Improvement Plan

In April 2007, the inspection function for Cafcass moved to Ofsted from HMICA. Two inspections of our old regions were carried out in 2007-08. The first, of the East Midlands region, was published in February 2008 and the second, of the South East region, will be published in May 2008.

Both reports have identified the need to improve some key areas of our practice as well as to ensure that existing policies are applied consistently. Cafcass accords these concerns top priority, and we have instituted a comprehensive and national Practice Improvement Plan, including specific Improvement Boards in the East Midlands and South East regions. We will also be working with Ofsted and a small number of improvement partners to ensure that policies developed at a national level are effectively implemented locally. We are also working to ensure that work on cases is recorded clearly so that interventions can be measured and scrutinised, both to capture the full amount of work carried out and to provide additional support and supervision of all work carried out in Cafcass' name.

Key elements of the Practice Improvement Plan are:

- Ensuring that Cafcass has a 1:10 ratio of FCAs to managers to improve managers' capacity to provide practice supervision and guidance
- Improving our supervision model and auditing the quality of supervision
- Ensuring adherence to our record-keeping policy
- Commissioning training on more analytical report writing
- Improving the sharing of good practice models and case studies internally
- Developing a practice consultancy function to support practice change
- Supporting managers to engage with poor performance
- Improving the Cafcass Performance Framework.



Accountability Review

We conducted the review to help us assess staff's perception of accountability within the organisation and within the context of the wider family justice system. The review will be submitted to the Cafcass Board in April 2008. District Judge Nik Goudie, who was one of the two external partners who participated in the review said, "I would like to pay tribute to those from your organisation who

attended to give evidence to the panel ... I was struck by their professionalism but more so by their dedication and determination to achieving the common aim of delivering the best quality of service to children and families."



Children's Engagement and Participation

In National Standard 5, children's active involvement, we promise that all children we work with are seen, heard and understood. We are committed to ensuring that their involvement in all aspects of their case is promoted in a way that is consistent with, and responds to, each child's wishes, competence and understanding. We are also actively working with the children and young people using our service to develop a shared values framework.

This year we strengthened our Children's Rights Team through the appointment of a Change Manager, Linda Gray, whose role is to promote practice changes in the engagement of children. The Children's Rights team is also actively supporting managers and FCAs with their local practice improvement programmes.

The Children's Rights team has been working with the Family Justice Council's (FJC) 'Voice of the Child' sub-group to promote the participation of children in court proceedings. They have also developed partnerships with new extended schools, focusing on how children and families going through parental separation and divorce can be best supported. One example is Highfield School in West Yorkshire (a school for children with learning difficulties) where the team is working with pupils experiencing family breakdown. This work is one of a number of strategic developments which will help to inform and shape Cafcass' future early intervention roles.

Development of a Family Group Conferencing (FGC) Service

Family Group Conferences are facilitated decision-making meetings that bring children, parents and their extended family together to discuss the issues and find joint solutions that are in the best interests of their children. We developed the Family Group Conference pilot to give us capacity to support the early resolution of cases referred to us.



CASE STUDY

Family group conference pilot

Over one hundred cases, at different stages in proceedings, were referred to the FGC service with 99.2% concluding with successful outcomes. The FGCs were mostly targeted at the initial stages of applications, but some complex cases that had been in the court process for a number of years were also resolved. It appeared that the more intractable the case was, the harder the family worked at finding a solution. A 14 year old who participated in one FGC said, "Thank you for helping my parents to listen to what I really want." The case had been before the court on and off for over 11 years. Most courts in London are aware of FGCs and some judges now routinely consider the suitability of cases for the FGC service. This pilot will be the subject of detailed evaluation prior to full national roll-out.

We have increased the use of FGCs across Cafcass since the training and recruitment of fulltime FGC co-ordinators and most Cafcass teams are now beginning to make this service available. The FGC training is one of only a few courses in the field that offers accreditation to our co-ordinators through NETCARE and Open College Network and offers an academic training award of level 2 child care credits, which can then be transferred or used to top up to a higher qualification.



One FCA who recently completed her training commented, "I found the FGC training to be the most stimulating and educative that I have ever attended since the formation of Cafcass. The balance between experiential and formal learning was in my view perfect."



Working with partners to improve services

Cafcass National Standard 9, covering partnership and multi-agency working, recognises the inter-dependence of partner agencies in the family justice system. We believe that multi-agency working helps to reduce delay, improves case management and promotes the quickest improvements to case plans for individual children when these are needed. During 2007-08, we developed partnerships with a range of agencies, some of which are listed below, which have benefited all participants through shared learning and development programmes.

We strengthened our commissioning function, appointing three Commissioning and Partnership Managers to support our Head of Commissioning and Partnerships. The team is preparing for the implementation of the Children and Adoption Act 2006, which will provide courts with new powers to promote and monitor contact and, in extremis, to enforce contact orders made under Section 8 of the Children Act 1989. We conducted extensive consultation with contact centre providers as we moved towards implementation of the Act and, in November 2007, 60 voluntary sector providers attended an event to plan for new referral and monitoring systems, and to discuss future workplans.

The team is working with the National Association of Child Contact Centres (NACCC) to strengthen monitoring and regulation through the development of specific professional standards for Child Contact Centres.

We currently have partnership contracts with 252 organisations at a cost of £2.26 million. This includes child contact centres, mediation and other services such as counselling. We received £1.37 million during 2007-08 to support supervised contact centres. We are also core members of and contribute financially to the Local Safeguarding Children Boards (LSCBs) across England.

Coram

We have signed a three-year co-operation agreement with the children's charity Coram that aims to promote a number of joint developments. In order to directly support our practice improvement plan, during the first year of the agreement 2008-09, Coram will provide structured coaching and consultation to our FCAs in Kent, Surrey and Sussex. The project brings together specialist planning, assessment and report writing skills along with in-depth understanding of child psychiatry and adult forensic psychology.

"Coram has long pioneered practice to develop contact services that meet the needs of children. We are proud to partner with Cafcass on this new approach to supporting FCAs. Children all too often suffer the consequences of relationship breakdown and parental dispute – this work is vital to making the court process work as well as possible for children and that must be the touchstone of our success."

Dr Carol Homden, Chief Executive of Coram



UK Border Agency

We have developed a joint protocol with the UK Border Agency which will enhance the work we do with unaccompanied asylum-seeking children and children whose immigration status is uncertain. The protocol supports the appropriate sharing of information for those asylum-seeking children who are involved in family proceedings, so as to allow the family courts to make decisions about, and to endorse plans for, children that take account of their immigration status. We are piloting this protocol as part of the early stage of the PLO with several London local authorities.

CASE STUDY



Increasing complexity of cases involving a number of agencies

An increasing number of Cafcass cases now involve complex legal issues. An FCA explains her involvement in one such case:

"A case was referred to Cafcass involving a family from Somalia. Both parents had been refused asylum in the UK, so as well as an application to family court regarding contact and residence, there were asylum and immigration issues to consider. The children, two boys, were living with their father despite a court order for them to be returned to their mother's care. The boys refused to return to their mother claiming that she left them alone while she went to work and that she had hit the younger one. The police were involved but decided not to press charges. I recommended that the case be taken to the High Court, and that the children have their own solicitor using Rule 9.5, so there could be liaison with an immigration solicitor regarding their status. I did not want them removed to their home country with their mother if she had been an abusive parent. The children's mother eventually conceded residence to the father and the children and their father have very recently been granted Indefinite Leave to Remain [ILR]."

Working with SSAFA-FH

Cafcass and Cafcass Cymru agreed a joint protocol with SSAFA-FH (Soldiers, Sailors, Airmen and Families Association Forces Help) in December 2007, outlining how the agencies manage requests for reports and visiting arrangements for children and families living in British military communities. The aim is to ensure that these families receive the most appropriate and efficient social work service and that positive and safe contact for children is promoted across geographical boundaries. As part of our commitment to the protocol, we delivered training to SSAFA-FH social work professionals on the role and work of Cafcass. The briefing for SSAFA-FH staff was also a good opportunity to share ideas for closer working across geographical boundaries and between military and non-military services.

ContactPoint

Along with 150 local authorities and other agencies, Cafcass has become involved in the national ContactPoint project. This project is part of the Every Child Matters Programme and is managed by the DCSF. It will enable children's professionals from different services and agencies to share information appropriately and securely for the benefit of children, young people and families. It is expected that once ContactPoint is in use across the country, all parties (including children and families) will benefit from better and faster communication between workers and agencies, which will enable earlier and more effective intervention. This new project will impact on the development and use of our Case Management System (CMS) and will have implications for staff in terms of who is given access to CMS.

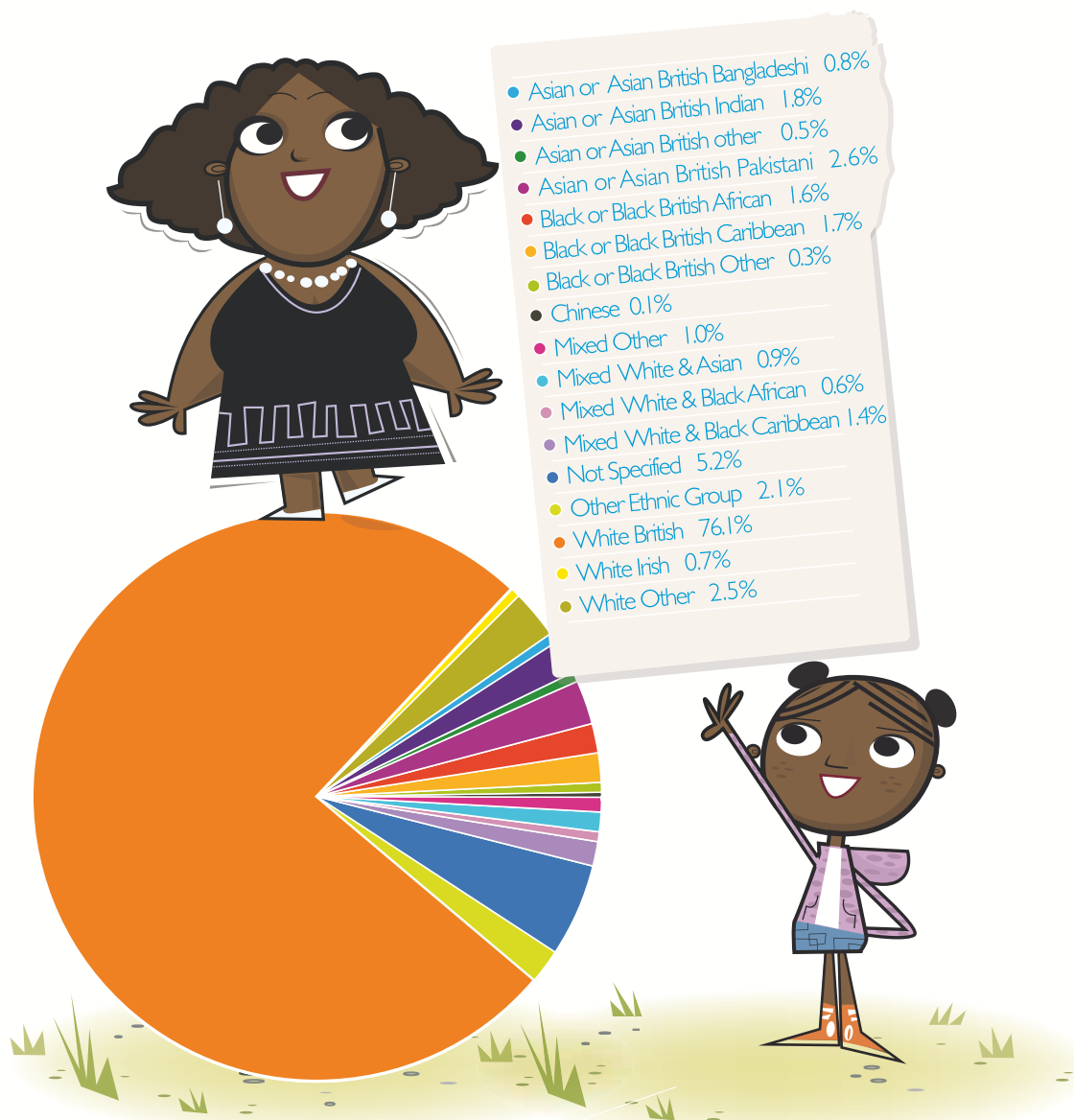


People who use our services

In 2007-08 we dramatically improved our diversity monitoring of all service users (see **Figure 7**). This is vital in helping us to gain a better understanding of the ethnic and cultural heritage and religious beliefs of the children and families we work with, and in helping us to shape a service that better meets their needs.

The Cafcass Service User Diversity Strategy outlines the role that all staff have to play in promoting diversity within the organisation and the need for our FCAs to actively address diversity issues in their work with children and families, and in reports. We are also committed to providing accessible information to our service users and have translated versions of our children's and adults' leaflets.

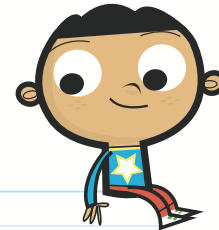
Figure 7. Service user diversity



Children in cases

In 2007-08 we worked with a total of 77,134 children and young people. This comprised 39,263 males (50.9%) and 37,871 females (49.1%) as shown in **Figure 8**. Additionally, we support many more children and families through the work we commission from contact centres around the country.

Figure 8. Children in cases – Age and gender profile 2007-08



Learning from the experience of service users

We have made good progress this year in actively engaging with service users and gaining a better understanding of their perspective of the service we provide. As part of Cafcass' commitment to strengthening our work in this area, we created a new national Customer Services and Quality (CS&Q) team, to support the new Cafcass structure (which officially came into force on 1st April 2008). We have created the role of national Head of Customer Services and Quality who leads a team of six customer services managers across the country.

During 2007-08 we have made significant improvements to core areas of our customer services function. Specific examples are:

- Introduction of the online feedback system HearNow, to provide children, young people and all our adult service users with the opportunity to inform us about their experience of our service
- Improved Cafcass website and information leaflets for children service users to ensure we provide accurate information about what we do and how we do it at the earliest possible stages in our work.

Following guidance from the DCSF for local authorities and children's services, the Customer Services and Quality team is currently reviewing the Cafcass complaints procedure which will be issued for both internal and public consultation during 2008-09.





The group's other key priorities in the forthcoming year include:

- Establishing a Continuous Improvement Cycle (CIC) to strengthen our learning from complaints; inform practice development; and ensure complaint learning logs are evidenced
- Quality assuring complaints by introducing and implementing a regular quality assurance process for complaints responses, and complaints files across Cafcass
- Extending our use of service user focus groups throughout each of the new local service areas
- Supporting the delivery of National Standards.

HearNow

During 2007-08, we developed a bespoke online feedback tool, HearNow, which is an interactive questionnaire that allows children, young people and adults to give feedback on the service they have received from Cafcass. This is an important and significant step forward in improving the opportunities for service users to provide information about how they have understood and received our services, and increasingly it will provide a basis for us to gauge service user satisfaction in line with our Key Performance Indicators.



HearNow

In piloting HearNow between 1st December 2007 and 31st March 2008, 280 questionnaire responses were received through the website. Of these:

- 63 (22.5%) were from children aged 5-8
- 95 (34%) were from children aged 9-17
- 122 (43.5%) were from adults
- 71% of all child respondents and 52% of adult respondents were either 'very satisfied' or 'fairly satisfied' with Cafcass' service
- 12% of children and 23.6% of adult respondents were 'not satisfied'
- 17% of children and 24.4% of adult respondents were unsure.

The sample is statistically small – once we have a larger sample we will establish a target for improving satisfaction with our services over the next two years.

Service User Focus Groups

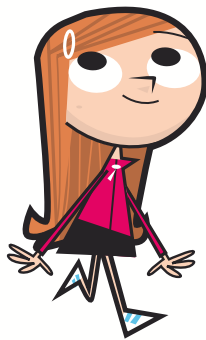
As part of Cafcass' ongoing commitment to seeking the views of service users, a series of focus groups were held across the country during 2007-08. These events have helped us to meet proposals set out in the October 2006 Service User Engagement Strategy.

The focus groups were targeted to help us evaluate new service developments and to improve service delivery. Two of the events were run in conjunction with local partnerships, including Women's Aid and Triangle Children's Services. This proved a very successful model for collecting local feedback about our services and will be continued with the support of the Customer Services and Quality Team in 2008-09. The key practice recommendations arising from these and all future focus groups will be cascaded to staff through action learning panels designed to understand the views of service users and improve service delivery.

Comments, Compliments and Complaints

During the year we received 136 comments, 241 compliments and 709 new complaints. Taken as a whole, including dispute resolution and public law work, complaints were received in 1.4% of all new referrals that Cafcass began work on in 2007-08. Complaints made about our dispute resolution work accounted for 70 of the complaints made, or 0.4 % of all dispute resolution cases.

More complaints were received from fathers (42%) than mothers (39%) while grandparents, solicitors and others accounted for 14% of complaints. 18 complaints were received from children and young people in their own right which is an increase on previous years and may reflect the active steps that we have taken, through the redesign of our leaflets and our website, to ensure that information and advice to children and other service users is more accessible. However, we recognise that the small number of children making formal complaints may not necessarily equate to satisfaction with the outcomes of our work.

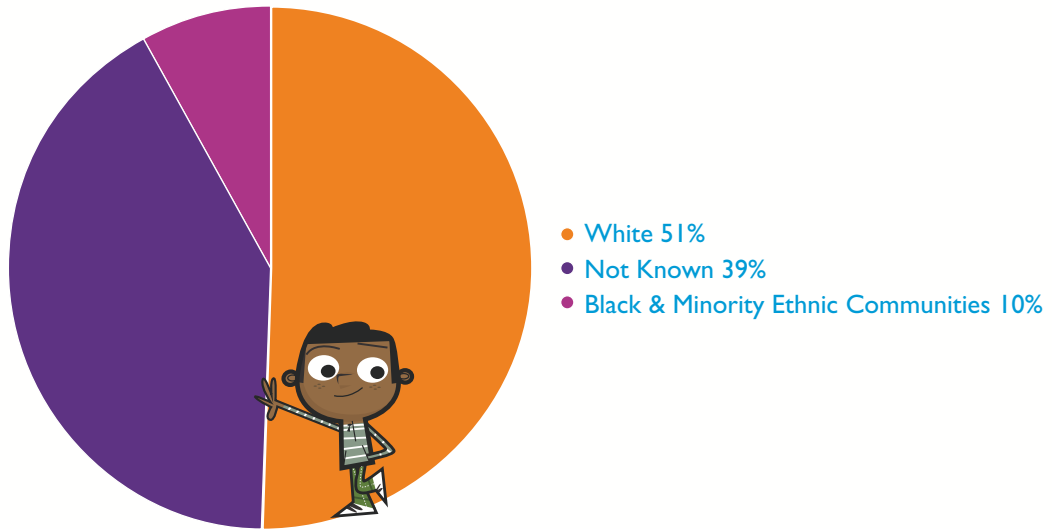


Of the complaints received during 2007-08, the majority of complainants (51%) were white (of which 301 were white British, 16 white other, and five white Irish). 10% of complainants were from black and minority ethnic communities (see :: **Figure 9**). However, we do not know the ethnicity for 39% of complainants. Of the 39% where the ethnicity was unknown, in 18 cases (7%), the complainant was unavailable; 12 complainants (5%) refused to provide any information on ethnic origin and in 208 cases (84%) the information was not returned to us.

This highlights an area which we need to address so that we are better able to plan our services and ensure that they meet the needs of all service users. However, the roll-out of the CMS system has resulted in an improvement in us routinely capturing diversity data which we will be able to use in the future to identify the ethnicity of complainants, even if this is not specified or captured during the complaints process.



:: Figure 9. Ethnic origin of complainants 2007-08

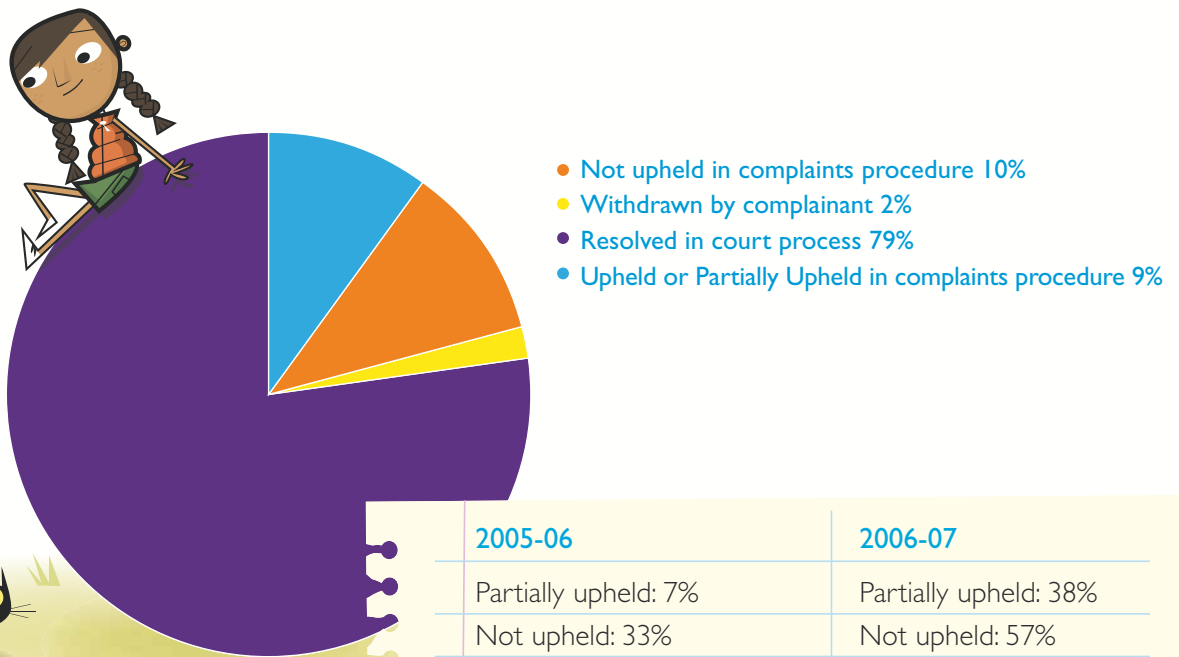


Outcomes of complaints concluded in 2007-08

Of the complaints concluded during 2007-08 (including those ongoing from the previous year), 507 (77%) related to disputed evidential issues before the courts, and in these cases many of the complaints were resolved through referral to the court process as the correct place for these to be addressed.

The Parliamentary and Health Service Ombudsman (PHSO) was asked by MPs to examine 16 enquiries by members of the public about Cafcass administration. Of these, the PHSO upheld or partially upheld two cases of maladministration that required corrective action. The remainder were found to be unjustified or not upheld.

:: Figure 10. Complaint outcomes of all registered complaints 2005-08



	2005-06	2006-07
Partially upheld:	7%	38%
Not upheld:	33%	57%
Resolved / withdrawn:	60%	5%

Service user compliments

"I would like to send many thanks to the Cafcass team where I was seeing my son. If it wasn't for your team of assessment officers and monitors, I would not have been able to see my son. May I thank Cafcass as a team and the two members of staff."

Father, private law case in Greater Manchester

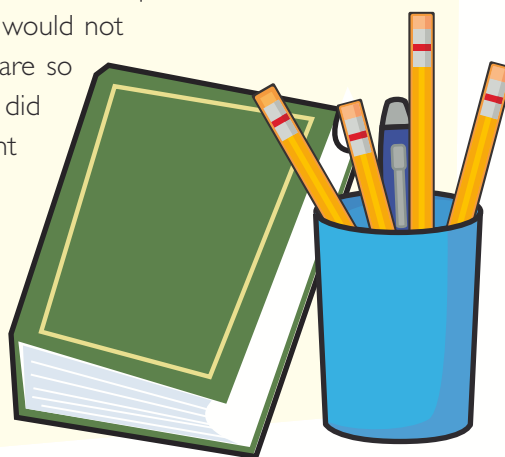
"This was, and to a great extent continues to be, a very emotional experience for me and the children, but you and your colleague have made this so much easier for us all. You have been very professional in all our dealings with you and I am very grateful for the very compassionate way in particular you spoke to both of the children... Many thanks."

Mother, private law case in Greater London

"We are writing to say thank you so very much for all your hard work – the dedication and immense effort you made during the past 18 months is without question.

Without you as their Guardian, we have no doubt there would not have been such a happy outcome for the girls. The girls are so happy being back together, and are in the right place. They did deserve to go back home and be a family again, and right now, they are all just so very happy. The girls adore each other and are adored by the whole family. We have absolutely no doubt whatsoever that the right decision for the girls was made in court on Friday, and that the happy outcome is mostly down to your efforts, for this we as a family are very grateful, thank you so much."

Grandfather, public law case in the South West.



our workforce

Cafcass is the biggest single employer and contractor of social workers in England and we are committed to ensuring that we develop and nurture our workforce so that we continue to evolve as an organisation and deliver excellent services to children and families.

As part of our push to ensuring that an excellent level of service is provided to children and families across England, we published new National Standards in June 2007, following extensive consultation, which replaced the 2003 Service Standards and Principles. To support the implementation of the new National Standards, we published a Workforce Strategy in June 2007 which defined the time and resources needed to deliver practice improvements. Our strategic aim is to ensure that we have the visionary leadership, organisational flexibility and sufficient people capacity required to deliver improved services, greater efficiency and better customer focus in the service we provide.

Implementing these plans has brought many challenges, as the roles of all staff and the main tasks they carry out have evolved in a number of ways. However, many of these changes are taking place across the whole of the social care workforce, not just in Cafcass or in any one single agency.





New Cafcass structure

During 2007-08 Cafcass underwent a restructuring process, with the primary aim of managing the work of teams more locally and ensuring our first line Service Managers are able to offer more support and supervision to FCAs in order to improve the quality of service we offer to children and families. Previously operating as ten regions, we are now organised as 21 local service areas, each led by a Head of Service. The 21 local service areas are grouped within three larger operational areas covering North, Central and South of England (see :: **Figure 18** page 52) and officially came into effect on 1st April 2008, following consultation in partnership with our Trade Unions.

The core frontline jobs of FCA, Family Support Worker (FSW) and administrator remained unchanged to ensure that there was minimum disruption to service delivery. We created new roles, such as the Head of Service and Office Managers positions, to free up the Service Managers' time to focus on frontline service delivery. In recruiting to the new structure, our emphasis has been on supporting our existing staff to fill the majority of new roles. In the case of the Head of Service positions, this has been particularly successful with 21 of the 28 available positions being filled by internal candidates, many of whom were successfully promoted from Service Manager roles. Given the scale of the changes, voluntary early retirement and redundancy schemes were made available to business support staff affected by the changes.

Pay rates to recruit and retain

During 2007-08, substantial progress was made on a programme of job evaluation and we worked towards our strategic pay review which will enable us to compete more effectively in the job market, particularly in hard to recruit areas around the country and in some specialist job roles. The job evaluation exercise enabled us to score and weight all roles in the organisation by objective, job-related criteria with the aim of removing any inequity that may have existed in current and future pay arrangements. These linked streams of work will help ensure that Cafcass is able to recruit and retain a workforce equipped for the challenges of improving performance.

We are working towards a new strategic pay strategy to meet our long-term aspirations for pay and made significant progress towards this in 2007-08. However, DCSF approval will be required before we can formally make an offer to our Trade Union partners. Strategic pay is crucial for us as it will provide the framework for a total reward package for our staff and link achievement and performance to sustainable market salaries. Any delay in implementation in 2008-09 may impact on recruitment and retention of some key frontline posts where market salaries are higher than those paid by Cafcass.

In 2008-09 we will also explore partnerships with other children's service providers and external agencies to address our difficulties in recruiting to key frontline and specialist posts. Going forward, a detailed strategy will be prepared to ensure we minimise any risk to business continuity.

Staff engagement

Following the results of our first ever staff survey, which was published in May 2007, a working group has actively sought to elicit staff views on participation, engagement and organisational culture within Cafcass. We published a full consultation document and held focus groups for staff throughout the country. The responses from these groups have helped to shape and influence our Staff Engagement Strategy, which we hope to launch in June 2008.

We have modernised our intranet and developed our internal monthly magazine, Channel C, two key tools for communicating important messages to our staff. The intranet provides updated national and local news to staff each day. Channel C provides information to staff on key organisational issues as well as case studies of good practice and practice improvement.

Workforce Planning and nurturing social care talent

We recognise that a significant proportion of our employees will reach retirement age in the next five to ten years (35.6% of current staff are aged 55 or above) and we need to plan for this. See **Figure 11**. We have provided managers with a workforce planning toolkit to identify and address issues such as an emerging skills gap, workforce diversity, increased competition for talent, and potential difficulties in recruiting qualified FCAs in some of our local teams. We have also introduced a Retirement policy in line with Government and pension fund guidelines, with a default retirement age of 65. However, a case has been lodged by a UK charity challenging the Government's default retirement age which is likely to be heard in the next year and a half by the European Court of Justice. Any change to legislation regarding the retirement age could also have implications for Cafcass.

During the past year, Cafcass has enhanced its existing approach to people management through the development of several key HR policies and initiatives. One example is our Talent Management strategy which aims to make Cafcass an employer of first choice and to identify staff with potential early on for fast-track career development. We hope this strategy will help to ensure that the shape, skill and capacity of the workforce is right in order to deliver services that meet the evolving needs of children and families. The Cafcass Secondment policy is another example of how we can support the development of our staff and meet our aspirations to be a learning organisation.



Equality and Diversity

Cafcass is committed to building an inclusive organisation that promotes equality in our services and working environment, and that values diversity of experience, so that we are able to provide the best possible services to all the communities that we serve. Cafcass has a five-year (2005-10) Equality and Diversity Strategy which incorporates the Race, Disability and Gender Equality Schemes to meet legislative requirements. The National Equality and Diversity Steering Group (NEDSG) provides leadership to ensure diversity issues are actively promoted throughout the organisation.

We have made significant progress in recruiting and retaining a workforce at all levels of the organisation that is representative of the communities that we serve. This has been endorsed in the final review of the HMICA inspection into 'Promoting race equality'.⁷ In addition, the review endorsed the establishment of support groups in some regions to promote and support the needs and interests of BME staff, including the Black Managers' Network. During the year this group held a focus group for black managers on staff engagement; was involved in the Mentoring Development Group, which aims to provide support to black staff wishing to move into management and to those who have recently been appointed to management roles; and ran a workshop at the Service Managers' conference on managing diversity issues.

We are seeking to appoint a full time National Equality and Diversity Adviser, who will be able to further develop our work in this area. Additionally, we have asked a member of staff with a disability to devote some of her working time to helping us to address the issues facing disabled staff within Cafcass, and to gather information on disability in order to plan better services for disabled service users. We have also established the Disabled Staff Network, which conducted an audit on assistive technology and explored ways of ensuring that Cafcass meets the legislative requirements of the Disability Duty.



While we are conscious of the need to further promote disability issues within the organisation, we were delighted to be awarded the 'Positive about disability' two ticks symbol from Jobcentre Plus this year. This not only demonstrated our commitment to employing and retaining disabled people and being an employer of first choice, but also marked a key milestone under our Disability Equality Scheme Action Plan.

Cafcass diversity statistics at 31st March 2008

:: Figure 11: Number of staff in age group

	Number of staff in age group					Total staff
	18-30	31-40	41-50	51-60	61+	
All Staff	112	246	596	821	226	2003
FCAs	6	121	387	575	109	1198



⁷ The HMICA inspection 'Promoting Race Equality' took place in March 2006 and the post-inspection review was carried out by Ofsted in November 2007.

:: Figure 12: Gender of Cafcass staff

Job Type	Gender	Number by Gender	Total no. of staff by job type	Gender % by job type
FCA	Female	921	1198	76.9%
	Male	277		23.1%
Service Manager	Female	79	115	68.7%
	Male	36		31.3%
FSW	Female	66	72	91.7%
	Male	6		8.3%
All Staff	Female	1586	2003	79.2%
	Male	417		20.8%

:: Figure 13: Ethnicity of Cafcass staff

Job Type	Asian	Black	Chinese	Mixed	White	Other	Un known	% BME
FSW	6	0	0	1	64	1	0	8.30%
FCA	18	75	0	17	1073	8	6	7.80%
Bank Scheme	3	8	0	0	142	0	3	7.10%
Service Manager	2	9	0	3	100	1	0	9.60%
Senior Manager	2	2	0	2	38	0	0	9.10%
Specialist Staff	6	8	0	1	78	3	0	14.60%
Admin	17	10	1	2	282	0	0	9.00%
Ancillary	1	0	0	0	10	0	0	9.10%
TOTALS	55	112	1	26	1787	13	9	2003
% Workforce	2.70%	5.60%	0.00%	1.30%	89.20%	0.60%	0.40%	99.8%

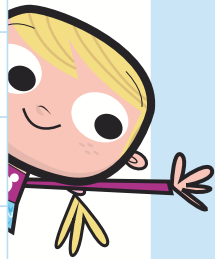
:: Figure 14: Cafcass black and minority-ethnic (BME) staff by job group

Job Type	BME staff in post				% BME of total staff			
	2005	2006	2007	2008	2005	2006	2007	2008
FCA's	69	115	114	104	5.10%	8.30%	8.20%	7.69%
Support Staff	45	63	53	60	9.70%	12.40%	11.00%	12.22%
Service Managers	4	8	14	11	3.10%	6.10%	10.20%	9.57%
Senior Managers	5	4	7	4	17.90%	8.70%	12.30%	9.09%
TOTALS	123	190	188	179	6.20%	9.20%	9.10%	8.94%



:: Figure 15: Number of staff with notified disability

	Total staff			Total staff
	None	Notified disability	Not known	
All Staff	1860 (92.8%)	121	22	2003
FCAs	1109 (92.7%)	72 (6%)	17	1198



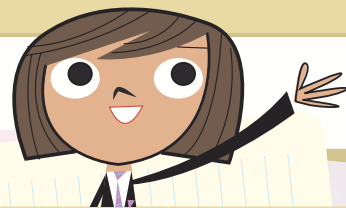
CASE STUDY

Developing the social care workforce

We are playing our part in nurturing future social work talent and have appointed three Practice Learning Co-ordinators to provide links with universities, support high quality student placements and create a learning environment in our teams. Since last year, we have more than doubled the number of student placements offered during 2007-08. We provided 97 student placements and have increased the number of universities we are partnering to 37.

As part of Skills for Care funding we have supported a student unit in Blackburn that is currently being evaluated by Bloomsbury Consultancy. In addition to this student unit we have developed student clusters in Archway, Ilford and Croydon.

Sheena Adam, Head of Knowledge, Learning and Practice Development says, "Coming to work as an FCA in Cafcass requires substantial post qualifying experience so it is important that we reach out to social workers of the future and potential FCAs in the making, and provide them with a constructive learning experience."



CASE STUDY

Promoting diversity

This year's London Region Diversity Conference took place on 5th March 2008. This was a highly successful event attended by over 50 members of staff. Building on the success of last year's conference, a number of guest speakers were invited to deliver presentations on challenging and informative topics including female genital mutilation, forced marriages and immigration issues. These are issues which FCAs, particularly in London, are increasingly working with. Those who attended this interesting day praised the expertise of the guest speakers and valued the skills and knowledge they had gained from the day.



Health, Safety and Well-being

The appointment of a full time National Health, Safety and Well-being Adviser, in November 2007, places us in a better position to develop a more people-focused approach to managing health, safety and well-being. Our Health and Well-being Strategy identifies our four key priority areas: staff engagement; health and well-being promotion; managing sickness absence and monitoring health and well-being. The strategy also recognises the need for closer collaboration between our Occupational Health providers, our HR department and internal and external partners at all levels. Successful implementation of this strategy will also help empower individual employees to take responsibility for reducing their health risks and improving their well-being.

We have negotiated a more responsive and better value for money contract for Occupational Health provision over the next three years with a new provider, Capita Health Solutions. We have also extended the contract with our Employee Assistance Programme providers CiC and negotiated an improved service offering an annual fixed fee, a family care helpline, legal and tax helpline and access for staff to an information sourcing service.

Appraisal and continuous Professional Development

As shown in KPI 6 (see page 23) we have improved on the number of staff that received an appraisal last year, although this falls short of our current target. The restructuring of our services disrupted this activity to some extent, however this remains a key priority for us.

We are meeting this challenge through the development of practical toolkits and support for managers to address under-performance along with training to enhance managers' skills in this area. A scheme for all staff to access Individual Learning Accounts has been introduced, providing funding for developmental opportunities that will have a positive impact on performance in the workplace.

Knowledge, Learning and Practice Development (KLPD) in Cafcass

We are committed to developing and improving the delivery of our services through the provision of training, knowledge sources and consultancy for staff. Our Knowledge, Learning and Practice Development (KLPD) activities have a threefold aim: to meet the needs of new legal duties or role change; to address a collective skills or knowledge gap; and to provide stimulation through new ideas and applied theories.



We have strengthened the KLPD function with the appointment of a National Head of KLPD and a Head of Service for Quality Improvement in each of the three new operational areas. In addition, a specialist manager for Quality Improvement will co-ordinate KLPD activities in each of the new local service areas.

Our staff have access to a wide variety of learning resources to assist them in their work. This ranges from access to excellent research, a library service, the latest theoretical perspectives and learning through bespoke training programmes, learning action panels and legal alerts.

COMMUNITYCARE
inform

CASE STUDY

Community Care Inform

In 2007-08 Cafcass procured a new online research tool for staff called Community Care Inform. This complements our online library service provided by Barnardo's and enables FCAs to access quality research and information quickly and easily. It provides research summaries by well-known experts as well as updates on key legislation, case law summaries and the latest social care policy.

Liz Hurwitz, an FCA who has used Community Care Inform said, "I like the tool very much and use it to find information on current research or legal issues. I use it both to inform me generally but have also quoted research I've found on the site in my reports. I've looked up pieces on domestic violence and adoption and found it well written and helpful how the information is broken down into step-by-step bits."

Cafcass is committed to investing in staff opportunities for practice improvement and continuous professional development and provided access to 784 courses last year. Of these, 533 were internal training days which covered issues such as domestic violence, diversity and risk assessment. In order to assess the effectiveness of major training programmes, we have introduced an evaluation element to assess their impact on practice.

CASE STUDY

Domestic violence training

Between April 2007 and March 2008 Barnardo's Training, Learning and Consultancy Service delivered a two-day training programme on Domestic Violence Element 2 to around 550 Cafcass staff.

"As a child care organisation and as a Training, Learning and Consultancy service we have developed a creative and productive partnership with Cafcass at both a local and national level through the planning, facilitation and evaluation of the DV2 programme. We have valued the relationship and the role we have had in meeting Cafcass' training needs through the programme that was rolled-out across the country. The programme will be taken forward into a new phase during 2008-09 through a 'train the trainers' course that will be developed and cascaded to internal Cafcass trainers. We hope we can build on the relationship and partnership with Cafcass in the future."

Julie Dugdale, Assistant Director, Barnardo's



CASE STUDY

Promoting evidence-based practice

In August 2007 our Southern Region held a workshop on the use of research evidence in the family courts.

The workshop aimed to help FCAs ensure that their practice was evidence-based and to increase their confidence in demonstrating this within the court setting. Feedback from the workshop was very encouraging but, more importantly, managers and FCAs have commented upon its usefulness in terms of the subsequent impact upon practice.

One FCA commented, "For me it was a good opportunity to share FCA concerns about using research, and being quizzed about it in the witness box. It resurrected my interest in doing and referring to research and spurred me on to do more. The day was stimulating and liberating in terms of permission to seek out further knowledge."

We continue to support our staff in achieving post qualifying social work and general, business-related awards. We are currently supporting 19 students on the Specialist Award pathway and have been working with several universities to develop modules which are relevant to family court work. In progressing the Higher Specialist Award we are now in a position to recommend six universities (Reading, North East London, Kingston, Chichester, Sheffield and Huddersfield) and will be recruiting 15 candidates to pilot this.

We have successfully linked post qualifying opportunities to practice learning and, in conjunction with Nottingham Trent University, have developed an Enabling Learning module, which we hope to deliver nationally in September 2008. We are also investing in our managers – 17 Service Managers have been attending the PQ in Leadership and Management as part of a rolling programme to up-skill our first line managers.

Cafcass also plays a prominent role in the wider social care research arena and has appointed a Research Consultant to spearhead our activity in this area. This year the annual Cafcass Research Conference 'Sustaining Positive Relationships for Children: Issues and Challenges for Practice' was a multi-agency event attended by around 200 people including academics, delegates from local authorities, voluntary

organisations, and Cafcass staff and demonstrates our involvement in the wider social care world.



Business Development

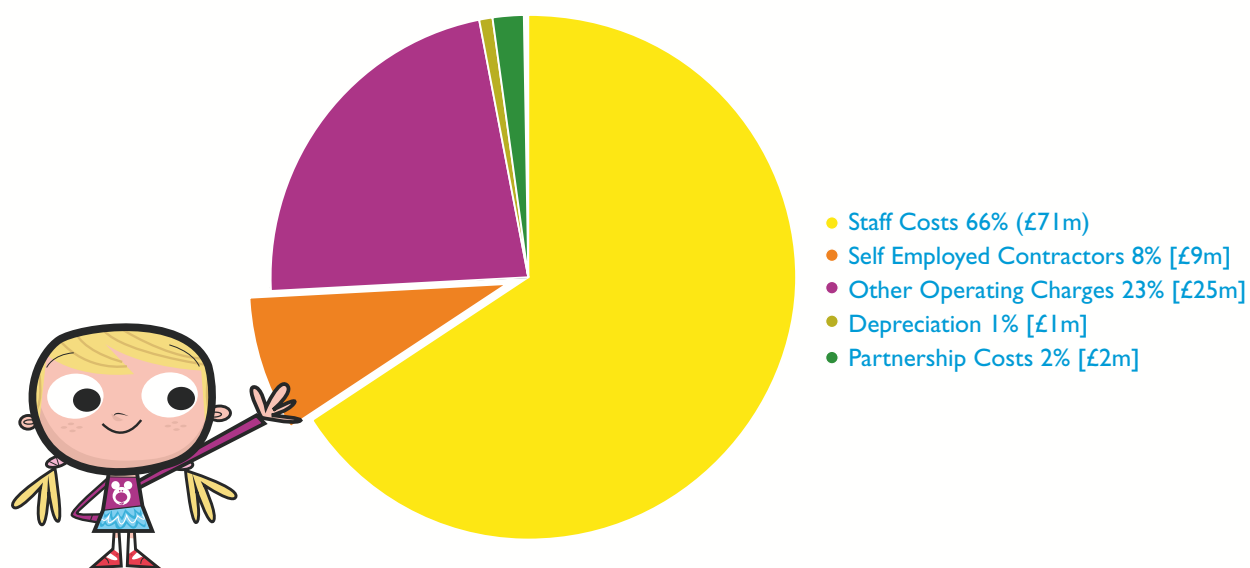
Business development and financial commentary

As a publicly funded body, Cafcass is committed to improving efficiency and demonstrating that we add value in all that we do. A proportion of our budget is used to provide the tools to enable us to deliver a professional service and this section details how investment in IT, a national change programme, improving office accommodation and our business support infrastructure underpins this goal.

Budget overview

For 2007-08 Cafcass received a budget settlement of £108.633m, a 5.8% (£5.9m) increase over the 2006-07 baseline budget. The additional funds were in recognition of the important work we do and the budget and service pressures we face. The additional budget has enabled investment in our infrastructure including upgrading our IT network and improving service delivery facilities. Through effective budget management and efficient use of resources we have operated within our allocated budget of £108.633m, successfully delivered against the efficiency targets set by our sponsorship department and have again directed more resources into frontline practice. A summary of how we spent our budget is shown below and further details are provided within our 2007-08 Accounts at Section 6.

:: Figure 16: How we spent our budget 2007-08



As part of the 2008-11 Spending Review period, for the first time in our history, we have received a three-year budget settlement as detailed below:

2008-09 – £114.855m

2009-10 – £124.094m

2010-11 – £132.822m

The funding is net of efficiency savings and represents an annual year on year increase of approximately 7% over three years. This budget settlement will allow us to plan ahead and invest in delivering a high quality service and fund our ambitious practice improvement programme.

Annual Accounts 2007-08

The statement of accounts of Cafcass for the year ended 31st March 2008 has been prepared in a form directed by the Secretary of State for Children, Schools and Families with consent of the Treasury in accordance with the Accounts Direction dated 12th 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 £57,000 (2006-07: £54,500) and includes no fees for any non-audit services during 2007-08 (2006-07: £nil).

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

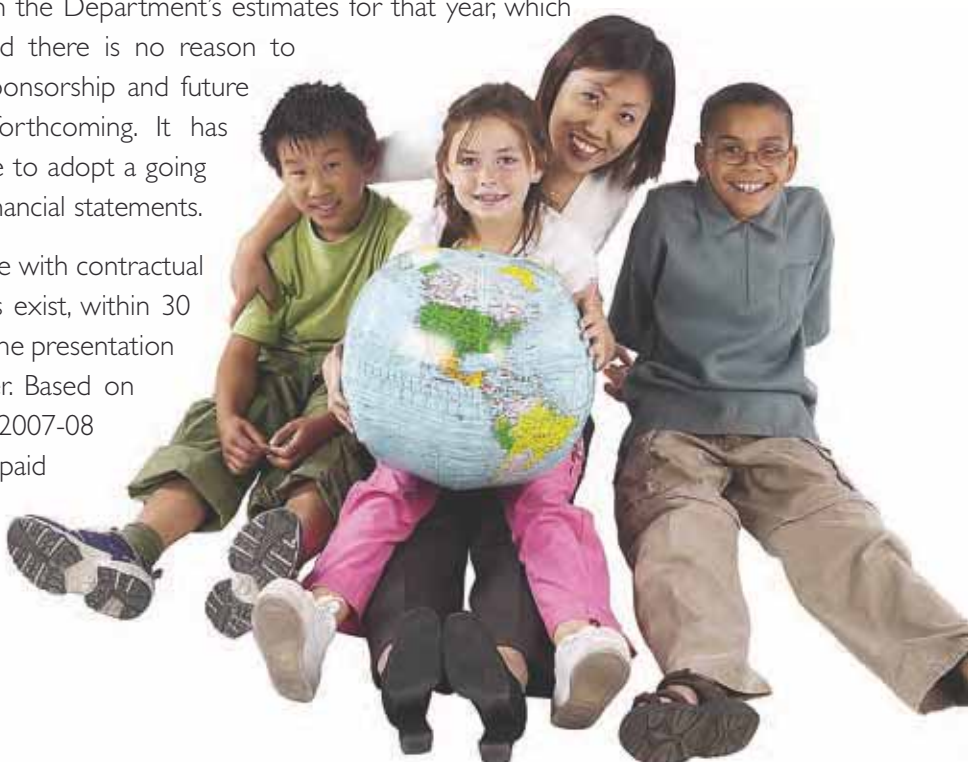
The Cafcass Balance Sheet as at 31st March 2008 shows net liabilities of £120.086m including the pension liability of £119.658m (further details can be found in notes 1(e), 1(l), 5 and 20 of the Financial Statements). This reflects the inclusion of liabilities falling due in future years, which, to the 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 DCSF. 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.

Following the actuarial valuation undertaken by West Yorkshire Pension Fund (WYPF) in 2007-08 Cafcass employer pension contribution rates have been set for the three years to 2010-11. The rates represent a significant and unavoidable year on year increase in costs. In addition to these increasing costs, in the long term Cafcass, along with other public sector organisations, faces risks and uncertainty in relation to the affordability of a final salary pension scheme and addressing the net pension liability as reflected in the balance sheet (further details can be found in notes 1, 5 and 20 of the Financial Statements).

Cafcass has been notified of its resource budget allocation for the three-year period 2008-11. Grant-in-aid for 2008-09, 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.

Cafcass' 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. Based on an analysis of 100% of all invoices, in 2007-08 81.3% (2006-07: 81.8%) of invoices were paid within 30 days of the invoice date.

No interest has been paid or claimed by creditors under the Late Payment of Commercial Debts Act (2006-07: nil).



Capital and change Programme

In line with previous years we have funded a range of innovative one-off programmes. Staff across Cafcass were asked to submit bids that demonstrated a clear transformational element that would provide sustainable change against the following corporate objectives:

- Implementation of the new Cafcass National Standards
- Delivery of the 2007-08 KPIs and Strategic Business Plan targets
- Practice improvement
- Performance improvement
- Efficiency savings.

Over 100 bids were received with funding awarded to 69 totalling £2.9million.

The key projects funded included:

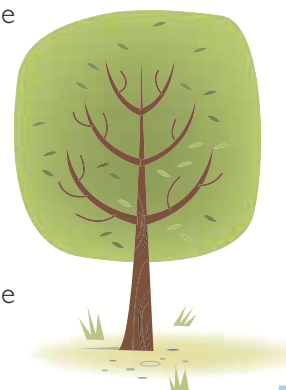
- Staff engagement and Service Managers' conference
- Additional laptop roll-out to increase flexible working for FCAs
- Design and delivery of a new service user feedback system (HearNow) which is integrated with our Case Management System (CMS)
- London Change Programme – establishment of a self-employed contractor management unit which improved efficiency
- My Needs, Wishes and Feelings training DVD
- Report Auditing in the South West
- Intranet and Internet upgrade.

London change programme

In 2006-07 the London Change Programme successfully tackled the public law backlog that had existed in the region. This year, the second Change Programme introduced further efficiency savings which can be attributed in part to the flexible use of self-employed contractors (SECs). We established an SEC unit, managed by specialist Service Managers, to ensure that those SECs who gave value for money in their work with children were retained and continued to receive a steady stream of work. We also worked to promote a more supportive and creative relationship between contract managers in Cafcass and these SECs. The Unit is now running successfully and will have taken responsibility for all 90 SECs by Summer 2008.

Sustainability

Cafcass has introduced a new Sustainability Development Strategy, which meets two imperatives. Firstly as a public body we need to ensure we minimise the impact we have on the environment and secondly, good use of resources will help us to minimise waste and bring about efficiency savings where appropriate. Cafcass has introduced this strategy following an open consultation with staff and its implementation has met with enthusiasm in pilot areas. In addition, all new Cafcass printed publications are now printed on recycled paper and increasingly with vegetable inks, where possible. We also make publications available on the website. Working through our property strategy and our procurement of goods and services, we hope to bring about the changes to secure a better environment.





Improving office facilities for service users and staff

During 2007-08, we implemented key elements of our property strategy designed to maximise the use of our resources and deliver an improved environment for children and families visiting our offices. As part of this process, major developments were completed to offices in Cornwall, Portsmouth and Isle of Wight. In addition three further projects to improve accommodation are in progress in Colchester, Sheffield and Manchester.

Our property strategy also makes clear that the needs of service users should determine decisions when relocating office. Peter Mitchell, Head of Service for Cornwall, Devon and Somerset explains the process;

"We had an office in Truro, but rather than just moving we wanted any relocation to benefit our service users. Cornwall is such a vast area to cover from one office so we decided to carry out a review that looked at where our service users lived. The analysis showed that the majority of service users were mainly from the St Austell area so we decided it would be more suitable to move to this area. We also have a small satellite office in Pool, near Redruth on the opposite coast, which is a shared facility with other agencies such as Victim Support. We've found that this combination works well."

Ann Butler, Service Manager in Peterborough said, "I am really pleased with the refurbishment of the Peterborough office which now provides an environment that's better suited to delivering family mediation services and opportunities for children and families to maintain contact." The Cambridgeshire team entered into a new partnership agreement with Family Welfare Association (FWA) and from November 2007 the building has been used as a contact centre in addition to team premises.

Improving performance data

Alongside our electronic systems, we are increasingly using audit and self-assessments to understand the quality of our work and to identify where we need to make improvements. We carried out several report and file audits and every team carried out a self-assessment against the National Standards, which identified their strengths and areas for development. The self-assessments formed the basis of team business plans, which every team completed. We also carried out a benchmarking audit of the implementation of our Safeguarding Framework, which informed training and development needs and practice improvements.

Reporting of Personal Data Related Incidences

In April 2008, the Cabinet Office issued guidance, 'Reporting of Personal Data Related Incidences' setting out the requirement for public sector organisations to maintain a record of losses of assets containing personal data that may be stored in files, laptops or other devices. Cafcass has recorded no such losses since 31st March 2008, during the year 2007-08 or since 2004.

Modernising our IT infrastructure

Cafcass has engaged in a significant upgrade to its IT hardware and continued to roll-out the new laptops and desktops purchased last year. This is part of an ongoing project to enable more FCAs to work flexibly. Over 750 laptops have now been issued in accordance with the encryption standards now required of government departments and their agencies. The increased use of laptops means that we are able to review our office space requirements as not everyone will require a desk five days a week.



CASE STUDY

Improving use of resources through IT

"Laptops are one of the really helpful things to come out of the Cafcass reorganisation. I've been working at home, on trains and in courts during the lulls and it has been brilliant."
FCA (North East)

"My laptop has given me the power to work even more flexibly."
FCA (Leeds)

In addition, intranet and website upgrades were completed to provide a stronger search facility as well as provide greater functionality in compliance with web accessibility standards for those with disabilities.

Cafcass has also changed its telephony provider and signed a contract for a substantial upgrade to our services which will have a range of benefits including a national system of numbering to allow staff to divert calls and log into their phones from any Cafcass office. The system will run across our IT network and is expected to generate substantial savings, as well as improving our accessibility.

We have also signed a contract with Fujitsu to provide our IT services from October 2008 and are moving to Shared Service provision under a Framework Contract with the Cabinet Office. The benefits of switching to this provider from our existing suppliers include upgraded software, a simpler and faster network infrastructure and a system that will provide a strong platform for future service development.



CASE STUDY



Auditing of reports in the South West region

The aim of this project was to establish a clear procedure for reports being audited in the South West region. The objectives were to achieve an overall reduction in the length of reports; to ensure reports met the requirements of National Standards; to ensure they provided coherent, reasoned, evidence-based recommendations; and that the voice of the child was given greater prominence by increased use of the 'My Needs, Wishes and Feelings' tool.

Five Cafcass FCAs in the region were trained and appointed as 'auditors' and over 80 reports have now been quality assured. Peter Mitchell, Head of Service says: "We are already achieving a higher standard of reports and I expect a bigger improvement once the feedback has been collated and put into workshops and training for all FCAs. This will take place in April 2008."

The Quality Assurance assessors have also been able to challenge poor practice and in one instance a report, which did not meet required standards, was withdrawn from the court. Feedback from practitioners has also been positive; FCAs have been keen to improve their reports and found the feedback useful.



Procurement

We have continued to make good progress with our procurement activities during 2007-08. We have strived to ensure that all contracts provide value for money, operate transparently and consider sustainability. Work has continued on developing better supplier relationships along with more robust performance monitoring of contracts. We have released efficiency savings particularly through the Office of Government Commerce (OGC) Buying Solutions approach to procurement, both in terms of cost savings and the resultant time saved in setting up new contracts. These include:

- Multi-functional Devices
- Stationery
- Temporary Staffing
- Estates Management Telecommunication and
- IT.

We are recruiting a National Head of Procurement and a Procurement Officer to lead on all procurement functions for the organisation. The main priority for the coming year is to continue to harness the benefits of collaboration across government and to improve the systems that support the organisation in all of its procurement activities. This will include incorporating eTools into our processes such as paperless invoicing and eSourcing, including eAuctions.



⁸ A sample of reports will be assessed quarterly through internal quality assurance mechanisms, using Ofsted criteria.

⁹ HearNow is an online electronic feedback system, which all service users (adults and children age 5+) are given the opportunity to use.



Cafcass Key Performance Indicators for 2008-09

The KPIs we have agreed for 2008-09 with the Secretary of State for Children Schools and Families are outcomes-focused, seek to improve the quality of our work, strengthen our safeguarding responsibilities and improve our services by understanding the experience of our service users (:: Figure 17).

:: Figure 17: New Key Performance Indicators for 2008-09

● Meets target ● On target to meet ● Does not meet target

Key Performance Indicator	Definition	Measures
KPI 1 Public Law	Public law (Section 31) allocations during the month should be within two working days from receipt of request (receipt day counted as 0). Target is 5% over 2007-08 baseline of 60%.	+ 65% ● 55% to 64.9% ● - 54% ●
KPI 2 Public Law	97% of the public law workload should be allocated at month end.	+ 97% ● 95% to 96.9% ● - 95% ●
KPI 3 Private Law	Private law early interventions resulting in full or partial resolution.	+ 60% ● 50% to 59.9% ● - 49% ●
KPI 4 Quality (New)	The quality of Cafcass Analysis & Recommendations presented to court is rated as adequate or higher in reports assessed. ⁸	Monitor for baseline in 2008-09
KPI 5 Quality (New)	Initial safeguarding screening checks completed on every case in compliance with the Safeguarding Framework for public and private law.	100% ● 99% to 99.9% ● - 99% ●
KPI 6 Corporate	Percentage of service users giving feedback on HearNow ⁹ or paper based equivalent, express overall satisfaction with the service they have received from Cafcass. a) Children b) Adults Target to be 5% over baseline for achievement by March 2010 (Baseline to be determined from larger sample end September 2008).	Target ● 1 to 5% less than target ● Less than 5% below target ●
KPI 7 Corporate	95% of all closed cases should have diversity monitoring recorded for all service users.	+ 95% ● 85% to 94.9% ● - 84% ●
KPI 8 Corporate	95% of appraisals completed for all eligible staff within a rolling 12-month period.	+ 95% ● 85% to 94.9% ● - 84% ●

Section 2: Organisational Structure and Key Roles and Responsibilities

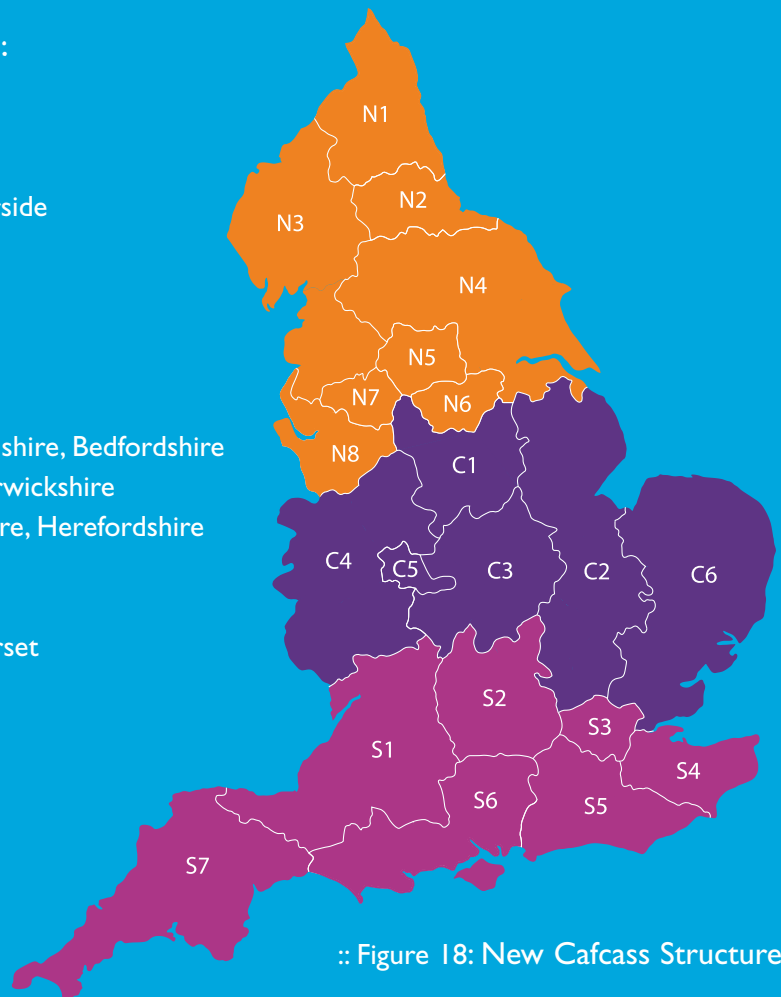
Cafcass organisational structure

The new Cafcass structure came into effect on 1st April 2008. The new structure replaces the ten existing regions with 21 local services areas within three larger operational areas for the North, Central and South of England. Each local service area is managed by a Head of Service. The new structure will allow us to focus on improving the quality of frontline services by freeing up first line

Service Managers so that they can devote more of their time to practice and performance. Likewise, the new Heads of Service will be responsible for a smaller and more manageable number of local teams, so will be able to give stronger support on practice issues than was possible under the previous ten regions structure.

The new local service areas are:

- N1: North and South Tyne
- N2: Teesside and Durham
- N3: Lancashire and Cumbria
- N4: North and East Yorkshire and Humberside
- N5: West Yorkshire
- N6: South Yorkshire
- N7: Greater Manchester
- N8: Cheshire and Merseyside
- C1: Derbyshire, Nottinghamshire
- C2: Lincolnshire, Cambridgeshire, Hertfordshire, Bedfordshire
- C3: Leicestershire, Northamptonshire, Warwickshire
- C4: Staffordshire, Shropshire, Worcestershire, Herefordshire
- C5: Birmingham, Black Country, Solihull
- C6: Norfolk, Suffolk, Essex
- S1: Avon, Wiltshire, Gloucestershire, Somerset
- S2: Thames Valley
- S3: Greater London
- S4: Kent
- S5: Sussex and Surrey
- S6: Hampshire, Dorset, Isle of Wight
- S7: Cornwall and Devon



:: Figure 18: New Cafcass Structure



The Cafcass Board

Cafcass Board members have corporate responsibilities relating to the governance of Cafcass as a non-departmental public body and for ensuring that Cafcass complies with any statutory or administrative requirements for the use of public funds. Board members sponsor various programmes including IT, KLPD and Safeguarding.



- Baroness Pitkeathley, OBE. Chair of the Board
- Baroness Howarth of Breckland, OBE. Deputy Chair of the Board
- Gillian Baranski
- Jennifer Bernard
- Margo Boye-Anawoma
- Erica De'Ath, OBE
- Mark Eldridge
- Ernie Finch (Ernie joined the Board on 1st April 2008)
- Harry Marsh, MBE
- Richard Sax
- Nicholas Stuart, CB
- Judith Timms, OBE (Judith left the Board on 31st March 2008 having served on the Board since 2004)
- Professor Jane Tunstill

Important responsibilities of Cafcass Board members include:

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

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

The Cafcass corporate Management Team



Anthony Douglas, CBE Chief Executive

Jane Booth, Corporate Director

Sherry Malik, Corporate Director

Lamorna Wooderson, Corporate Director

Anthony Douglas, CBE, Chief Executive



Anthony Douglas is responsible for the overall running of the organisation. He manages the Corporate Management Team, as well as the Heads of Finance, Legal Services, Communications and the Children's Rights Director. He is Cafcass' key link to Ministers, senior civil servants, our sponsorship team at the DCSF, Ministry of Justice and the President's Office. In 2007-08, Anthony chaired the inter-agency group implementing the Public Law Outline and was an active member of many other cross-governmental Boards and programmes. He sponsored the Cafcass National Change Programme, comprising of more than 60 individual change programmes, and also continued to sponsor the London Change Programme throughout its second year. Anthony believes strongly that keeping in touch with local teams and frontline FCAs is at the heart of his job, and he visited over 40 teams during the year. This is a rolling programme which he started when he joined Cafcass in 2004, and which he intends to continue with, so as to keep the organisation as united as possible around its common purpose.

Jane Booth, corporate Director



Jane Booth is Cafcass' organisational lead for Trade Union liaison. This year, this has included working with our trade unions on the organisational restructure and the Strategic Pay Review, with negotiations on the latter still ongoing. She has overall responsibility for safeguarding issues within the agency and has overseen the introduction and roll-out of the Cafcass Safeguarding Framework. Jane was involved in the establishment of our internal ContactPoint Board which will manage and develop the implementation of the new database via a DCSF grant. She also led on the organisation's migration over to the Public Law Outline, which came into effect on 1st April 2008 and has responsibility for practice improvement. This has included leading on the Yorkshire and Humberside Change

Programme, implementing and completing post-inspection plans and setting up the Online Policy Centre which is designed to improve staff compliance to Cafcass policies. She is responsible for the operational management of the new Northern and, more recently, Central operational areas.



Sherry Malik, corporate director



Sherry Malik's national portfolio covers performance management, quality assurance and service improvements, diversity, HR, service user experience, Knowledge, Learning and Practice Development, business planning and risk management, and management information. She is currently leading the South East Improvement Programme. She represents Cafcass on the Board of the CWDC (Children's Workforce Development Council) and its strategy and diversity committee, since its creation in November 2005, championing Cafcass interests. During 2007-08, Sherry wrote and led the consultation on Cafcass' three year Strategic Business Plan, developed and agreed new KPIs with DCSF and senior managers and ensured systems are in place to collect data. She has also written and led the consultation on a number of key strategies such as the workforce strategy, the sustainability strategy and, following the first ever Cafcass Staff Survey, has been leading the consultation on the draft staff engagement strategy. In addition she has led the development and launch of HearNow and is also the organisational lead on equality and diversity issues.

Lamorna Wooderson, corporate director

Lamorna Wooderson's portfolio includes all operational support services and business development including IT and property. She is Chair of the IT Programme Board and has been responsible for the roll-out of hardware to local service areas; the development of mobile working through wireless technology on laptops; the procurement of a new VOIP (Voice over Internet Protocol) system and re-tendered and consequently negotiated a new IT contract with Fujitsu. She has established the Business Continuity Plan and, as Chair of the Property board, has overseen the acquisition of new properties in Portsmouth, St Austell and Colchester. She has responsibility for Cafcass' commissioning and partnership work and this year has successfully recruited a team to oversee this area. She is also involved in practice improvements including the development of the Private Law Pathway and several new extended dispute resolution schemes. She is Chair of Cafcass' Children and Adoption Act 2006 implementation group and represents Cafcass on the Ministry of Justice's parallel Implementation Board. She is also currently responsible for the management of the South operational area.



Cafcass Young People's Board

The Cafcass Young People's Board was established in August 2006 to bring the voice of young people into the heart of the organisation and to provide ideas on how we can improve services for children and young people. Following further recruitment to the Board in Summer 2007, members now number 15, all of whom have experience of Cafcass, the family court system, parental separation and divorce, the care system or of adoption.

The Young People's Board has contributed to Cafcass in a number of ways throughout the year. Several young people helped to deliver training to FCAs on the My Needs, Wishes and Feelings packs and children's active involvement. The Young People's Board also play an ambassadorial role and often attend and contribute to events in the wider social care calendar, including governmental consultations. Three of the members, Amy Lloyd, Benjamin Hitch and Ylber Neziraj spoke at the launch of the PLO on 1st April 2008 about their hopes for the new initiative. They were later quoted in Parliament by the Parliamentary Under-Secretary of State for Justice, Bridget Prentice, MP, who spoke of the importance of listening to children and young people:

"I sat and listened to the three representatives of the Children and Family Court Advisory and Support Service Young People's Board who talked more eloquently than any politician or professional about their hopes and aspirations for the way in which the reforms will impact on their lives."

CASE STUDY

Health and Well-being of Looked after Young People

Several members of the Young People's Board helped facilitate Cafcass' Health and Well-being day which was attended by around 100 young people in local authority care to give their views on various health issues such as smoking, alcohol and drugs, healthy eating and sexual health.

One member of the Board, Lois O'Neill who attended said, "The day was a real success. It was a great opportunity for young people to get health advice and everyone seemed to enjoy it."

Libby Rees, another Young People's Board member said, "The real highlight of the year was seeing how much these young people valued the chance to have a voice and be listened to. It was their day and whether it was seeing the space show or taking part in discussion groups, they made the most of the opportunity."

The findings of the research, which will be published in July 2008, will enable Cafcass to better influence the care plans for children, particularly with regard to health issues.



online peer mentoring service

In another important development, eight members of the Young People's Board were trained as peer mentors to provide support to children and young people engaged with our services. The service allows young people to get in contact with someone their own age who has been through a similar experience. The feedback from those who have contacted the peer mentors has also been very positive. One young person wrote, "Thank you for all of your support and help and if I have any more questions I know the first place that I will look would be to you." Another young person told us, "I have got your email and I am not quite so scared now and I am not so nervous! Thank you a lot!"

Two members of the Board, Benjamin Hitch and Sarah Woodhead, were also involved in research, funded by the Children's Workforce Development Council, into whether the direct involvement of young people in their cases has a positive effect on the overall outcome.

In order to strengthen the synergies between the Young People's Board and the wider organisation and as part of our commitment to keeping young people at the heart of our work, members of the Board have been invited to attend full Board meetings.

CASE STUDY

Young people on our Board

Sarah Woodhead attended the meeting on 8th February 2008 and found it an interesting and worthwhile experience:

"I feel that the Young People's Board is making a difference to the organisation but if it is linked properly with the main Board then hopefully we can be more of an influence. I had the opportunity to meet all the Board members and to see what goes on during their meetings. I feel privileged to get this opportunity and want to thank Baroness Pitkeathley and Anthony Douglas for letting me sit in on their meeting and for making me feel welcome!"



Section 3:

Remuneration Report

Remuneration policy

Cafcass staff members are subject to levels of remuneration and terms and conditions of service (including superannuation) within the general pay structure approved by Department for Children, Schools and Families (DCSF), the sponsoring department.

Remuneration Panel

A Remuneration Panel has been established to identify appropriate remuneration packages for Cafcass' senior executives. The Panel is made up of at least three Board members, the Chair, the Deputy Chair and the Chair of the Audit Committee.

Governance

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

Service contracts

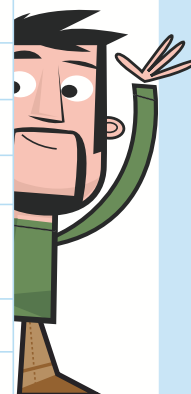
Cafcass appointments are made in accordance with the Cafcass Recruitment Code of Practice, which recognises that in order to provide a world-class service to the children and families that we serve it is vital that we recruit and retain people who share our aims and values, and have the skills and abilities to perform effectively at all levels through fair and open competition. Unless otherwise stated below, those covered by this report hold appointments that 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. Members of the Corporate Management Team are required to provide 12 weeks notice to terminate their contract.

- Anthony Douglas, CBE, Chief Executive was appointed on a three-year contract commencing on 1st September 2004. His contract was renewed for a further three years in September 2007.



Board members' remuneration (audited information)

Board members	2007-08		2006-07	
	Salary £000	Benefits in kind (to nearest £100)	Salary £000	Benefits in kind (to nearest £100)
Baroness Pitkeathley, OBE	44	-	43	-
Baroness Howarth of Breckland, OBE	10	-	10	-
Gillian Baranski (Co-opted to the Board)	10	-	10	-
Jennifer Bernard	10	-	10	-
Margo Boye-Anawoma	10	-	10	-
Erica De'Ath, OBE	10	-	10	-
Mark Eldridge	10	-	10	-
Harry Marsh, MBE	10	-	10	-
Richard Sax	10	-	10	-
Nicholas Stuart, CB (Co-opted to the Board)	10	-	10	-
Judith Timms, OBE	10	-	10	-
Professor Jane Tunstill	10	-	10	-



Salary and pension entitlements

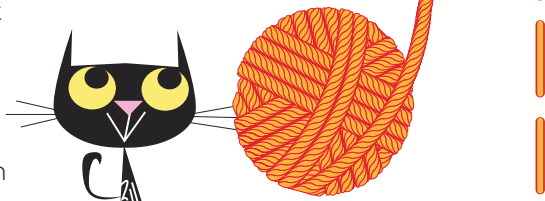
The remuneration for Cafcass Board members is shown above and the remuneration for the Corporate Management Team is shown on page 61. Remuneration includes gross salary, allowances and, for the Corporate Management Team, up to 10% performance-related pay (PRP) and employer's contributions to the West Yorkshire Pension Scheme. The PRP is determined through the appraisal and performance management process; it is based on a robust assessment of the employee's performance against agreed objectives set at the beginning of the appraisal period. All PRP payments to senior managers are agreed by the Chief Executive and approved by the Remuneration Panel. Pension benefits are not provided for Board members. Cafcass salary ranges are established by considering the factors such as relevant external comparator pay levels, internal relativities, affordability, recruitment and retention risks and political sensitivity. Further information on the Cafcass pension schemes can be found in notes 1(e), 1(l), 5 and 20 to the accounts.

Benefits in kind

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

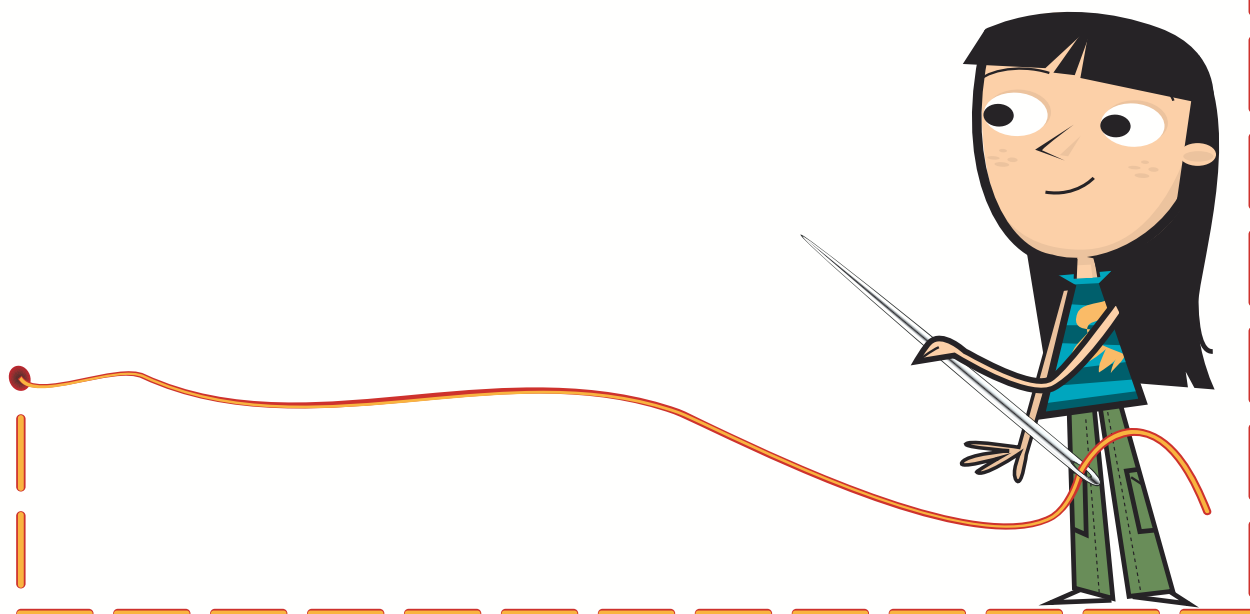
Pension benefits

Columns 4 and 5 of the table on page 61 show the members' cash equivalent transfer value (CETV) accrued at the end and at the beginning of the reporting period. Column 6 reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation and contributions paid by the employee, including the value of any benefits transferred from another pension scheme or arrangement, and uses common market valuation factors for the start and the end of the period.



cash equivalent transfer values

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



Corporate Management Team Remuneration 2007-08

		1	2	3	4	5	6
	Salary, including performance pay 06/07 £000	Salary, including performance pay 07/08 £000	Real Increase in pension and related lump sum at age 60 £000	Total accrued pension at age 60 at 31st March 2008 and related lump sum £000	CETV at 31st March 2007 (nearest £000)	CETV at 31st March 2008 (nearest £000)	Real increase in CETV after adjustment for inflation and changes in market investment factors (nearest £000)
Anthony Douglas, CBE Chief Executive	147	161	2.5-5.0 plus 12.5-15.0 lump sum	50-60 plus 170-175 lump sum	928	1,055	118
Lamoma Wooderson Corporate Director (Partnerships)	102	107	0-2.5 plus 5.0-7.5 lump sum	40-45 plus 120-125 lump sum	656	724	62
Sherry Malik Corporate Director (Strategy & Performance)	102	107	0-2.5 plus 5.0-7.5 lump sum	20-25 plus 60-65 lump sum	276	313	31
Jane Booth Corporate Director (Service Delivery Models)	102	107	0-2.5 plus 5.0-7.5 lump sum	25-30 plus 85-90 lump sum	464	517	47

Anthony Douglas

Anthony Douglas, CBE
Chief Executive and
Accounting Officer
Date: 27th June 2008

Section 4: statement of Accounting officer's Responsibilities

Under the Criminal Justice and Court Services Act 2000, the Secretary of State for Children, Schools and Families, 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 Children, Schools and Families, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgments 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 Principal Accounting Officer of the Department for Children, Schools and Families has designated the Chief Executive as Accounting Officer of Cafcass. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Cafcass' assets, are set out in the Accounting Officers' Memorandum issued by Her Majesty's Treasury and published in Government Accounting.





Section 5: 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 Cafcass' 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 Managing Public Money. Cafcass' aims and objectives are set by the Board in accordance with relevant legislation and the Framework Document agreed with the Department for Children, Schools and Families (DCSF). Cafcass is an executive non-departmental public body (NDPB). It is headed by a non-executive Board appointed by the Secretary of State for Children, Schools and Families, 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 Cafcass on a day-to-day basis and support the Board and Cafcass 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 DCSF sponsors Cafcass and appropriate arrangements are in place to ensure that the DCSF is fully informed of the business of Cafcass and that we, in turn, are informed of the DCSF's requirements for Cafcass. This includes six-weekly sponsorship meetings with the Chief Executive, Corporate Directors and DCSF officials and regular catch up meetings between the Chief Executive and senior DCSF officials. One-off meetings to solve specific problems are also convened and followed through as required. 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 an ongoing process designed to identify and prioritise the risks to the achievement of Cafcass' policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cafcass for the year ended 31st March 2008 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.



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 Cafcass.

Throughout 2007-08 budget delegation has been in place for frontline teams in all regions. This builds on our experience of local delegation and is supported by local financial training and quarterly budget reviews.

2007-08 has been a transitional year in which we have undergone a substantial restructuring of the organisation moving from regions as the main unit of accountability to service areas. All frontline teams produced a business plan, with the identification and monitoring of key risks being managed at the regional level. During 2008-09 all Heads of Service will receive training on the risk management policy. The training will be supported by guidance and sharing of best practice to ensure that the management of risk is delegated and embedded at the service area level and is robust and integral at all levels of the organisation.

During 2007-08 we operated a shared risk register with DCSF. The shared risk register is monitored and updated at sponsorship meetings and shared with the Board and Audit Committee alongside the Cafcass internal risk register.

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 2007-10 Strategic Business Plan. The regional risk registers inform the corporate risk register.

The risk register is a working document and is regularly reviewed by the Audit Committee and by the Board. In year, it has been enhanced and developed to ensure it accurately captures real time changes in risks. Cafcass seeks to maximise its reputation in all that we do and to minimise those risks which could lead to an adverse reputation.

Both the corporate and regional registers are monitored and reviewed quarterly by the Corporate Management Team Performance Board and at quarterly performance meetings with regional risk owners. As part of these meetings regions also complete self-assessments, assessing their performance against a range of financial, service delivery and quality indicators.



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, the senior 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.

Internal control bulletin

A system of internal control has been fully in place across Cafcass throughout 2007-08. I have required that every local office / National Office department is the subject of a process leading to an internal certificate that covers 10 control areas. Every location submits returns that culminate in a certified annual return completed by the responsible Operational Director, Corporate Director or National Office department head. The Internal Financial Control process and procedures, which have operated in the year alongside targeted training, have resulted in significant further improvements and progress in year. None of the issues raised through this process gave rise to significant internal control concerns.

As part of our aim to deliver continuous improvements and build on the achievements to date, during 2008-09 Cafcass will undertake a review of the whole system of internal control. The review of policies and procedures will ensure that the systems in place reflect best practice, build-in random sampling and checking across all business systems, meet the requirements of the new operational structure and fully address the current control risks the organisation faces.

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 2007-08 and its work is summarised in regular reports to the Board and an annual report which is also shared with the DCSF Audit Committee. The attendance of the NAO at these meetings provides a valuable opportunity to introduce their experience, views and advice on best practice. The Committee has reviewed its procedures against The Audit Committee Handbook (HM Treasury March 2007) and concluded that it complies with this guidance in all significant aspects of its work.

Internal audit

Cafcass engaged PricewaterhouseCoopers (PwC) as our internal audit provider with effect from 1st April 2007. The Audit Committee agreed the internal audit strategy and plans for 2007-08 at the June 2007 meeting.

During 2007-08 we have used 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. PwC undertook a review of our process for ensuring that internal audit recommendations are adequately monitored,



recommendations implemented within agreed timescales and appropriate evidence supported the closure of recommendations. PwC awarded a 'high' level of assurance (the highest rating achievable), in this area.

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 Cafcass. For 2007-08 the auditors identified strong controls in a number of areas, particularly Finance and the Corporate centre, with six out of nine internal audits obtaining moderate or high levels of assurance. Overall, PwC gave limited assurance on the design adequacy and effectiveness of the system of internal control. Limited assurance is defined as "We will provide limited assurance in our annual opinion where we have identified high or critical rated risks during our audit work on business critical systems, but these risks are not pervasive to the system of internal control and there are identifiable and discrete elements of the systems of internal control which are adequately designed and operating effectively. Our assurance will therefore be limited to these elements of the system of internal control."

As referred to by the internal auditors in their annual report, two reports received limited assurance ('Performance Management' and 'Case Management System – core practices') and one report received no assurance ('Case Management System – IT security'). The two areas of control weakness identified by PwC relate to data/records management and the Case Management System – specifically system security and access controls and user training.

ofsted

Our inspectors, the new Ofsted (the Office for Standards in Education, Children's Services and Skills) came into being on 1st April 2007. It brings together the wide experience of four formerly separate inspectorates, including HM Inspectorate of Court Administration (HMICA) which previously had responsibility for inspecting Cafcass. Ofsted inspects and regulates care for children and young people, and inspects education and training for learners of all ages.

During the reporting period the following inspections were undertaken; an inspection on Frontline Practice in Care Proceedings (October 2007), and a regional inspection in the East Midlands Region (February 2008). A further inspection was undertaken of the South East Region, and will be published in May 2008.

Four Post Inspection Reviews (PIRs) were due to be completed in 2007-08. To date, two have been finalised; the Adoption and Children Act PIR, resulting in three out of four recommendations being fully met and one partially met; Promoting Race Equality PIR, resulting in four of the six recommendations being fully met and two partially met. The PIR has yet to be agreed for the Frontline Practice and a further PIR is being conducted for the inspection on Family Assistance Orders.



Areas of further work for 2008-09

In 2008-09 Cafcass' priority is to strengthen control and compliance culture around the Case Management System and data / records management. The focus will be to embed the systems and ensure that adequate controls, procedures and training are in place to provide assurance around systems, compliance and data quality. A team of Case Management System trainers were appointed during 2007-08. During 2008-09 they will be updating and revising the training material and delivering training to local teams. Cafcass is in the process of gaining Government Secure Intranet (GSI) accreditation; this work will continue in 2008-09. The GSI work, combined with the move to a new IT provider (Fujitsu) in October 2008, will provide opportunities to build in strengthened security systems and access controls which address the system weaknesses identified.

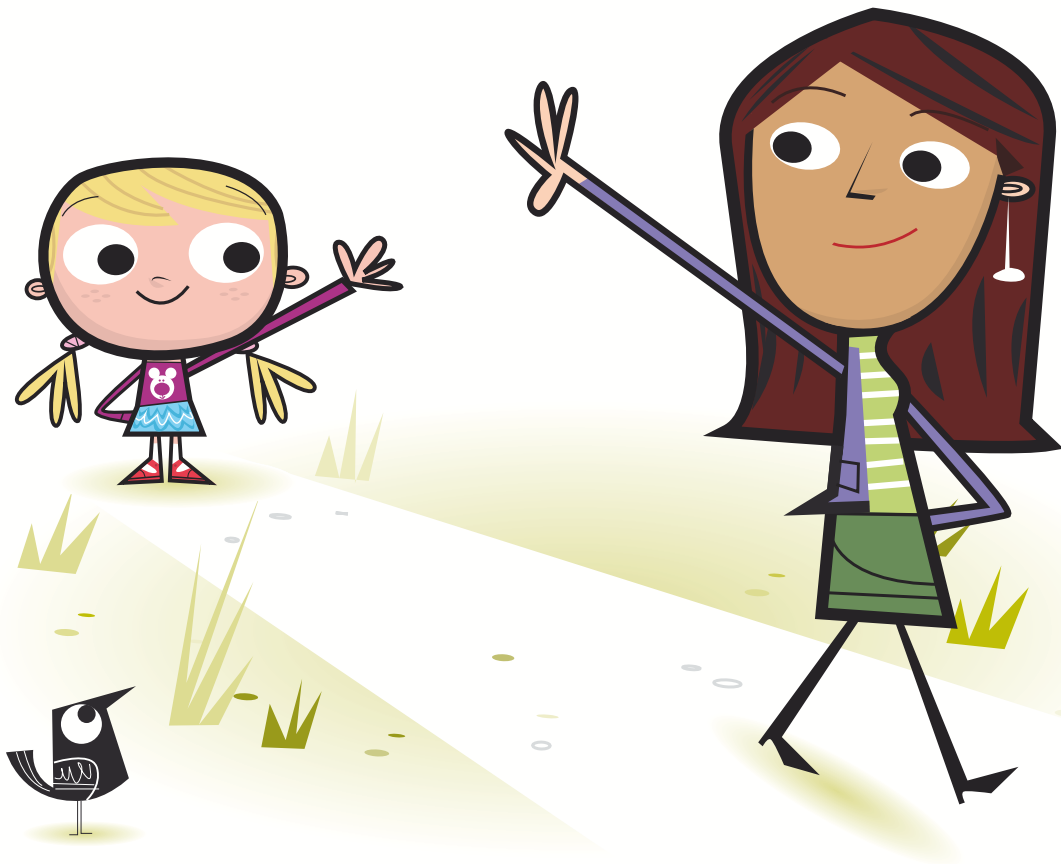
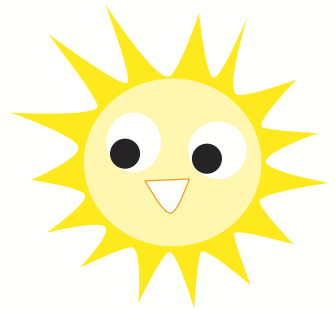
During 2007-08 Cafcass commissioned PwC to undertake an additional piece of advisory work on data handling and management. An action plan is in place to address the issues raised and further work on data management has been built into the 2008-09 Internal Audit plan. During the year, and in line with central Government guidance, Cafcass has deployed an encryption solution to all laptops.

A National Practice Improvement Plan is in place to address the fundamental practice issues raised in both the East Midlands and South East regional Ofsted inspections during the year. In response to the issues raised, Cafcass has established improvement boards in each area. These boards are addressing the key practice and performance delivery issues through coordinated and detailed action plans. Both improvement boards are sponsored by a Cafcass Board member and myself and chaired by a Corporate Director.



Anthony Douglas, CBE
Chief Executive and
Accounting Officer
Date: 27th June 2008





Section 6:

Accounts 2007-08

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 31st March 2008 under the Criminal Justice and Court Services Act 2000. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

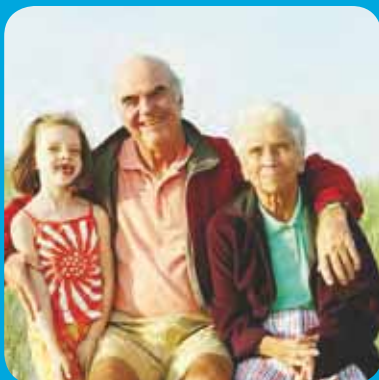
Respective responsibilities of the Children and Family Court Advisory and Support Service, Accounting officer and auditor

The Children and Family Court Advisory and Support Service and Chief Executive as 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 the Secretary of State for Children, Schools and Families' directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with 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 the Secretary of State for Children, Schools and Families' directions made thereunder. I report to you whether, in my opinion, the information, which comprises the management commentary and Remuneration Report, included in the Annual Report is consistent



with the financial statements. 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.

In addition, I report to you 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 HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on internal control reflects the Children and Family Court Advisory and Support Service's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement 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 the Management Commentary and 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 opinions

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 judgments made by the Children and Family Court Advisory and Support Service and 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 Children, Schools and Families, of the state of the Children and Family Court Advisory and Support Service's affairs as at 31st March 2008 and of its net expenditure 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 the Secretary of State for Children, Schools and Families' directions made thereunder; and
- information, which comprises the Management Commentary and Remuneration Report, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Date: 3rd July 2008





Financial Statement ^S



Operating cost statement for the year ended 31st March 2008

	Note	2007-08		2006-07	
		£000	£000	£000	£000
Gross income					
Income from activities	3		153		121
Expenditure					
Staff costs	4	70,951		69,591	
Other pension costs	20	5,461		4,321	
Self-employed contractors	8	8,877		9,730	
Other operating charges	6	24,535		22,302	
Depreciation	7	1,142		950	
Partnership costs	9	2,310		1,099	
	10		113,276		107,993
Net expenditure			(113,123)		(107,872)
Interest receivable and similar income	11		-		-
Cost of capital	1(j)		2,959		1,891
Net expenditure on ordinary activities			(110,164)		(105,981)
Reversal of cost of capital	1(j)		(2,959)		(1,891)
Net expenditure for the financial year			(113,123)		(107,872)

All results arose from continuing activities.

Statement of Recognised gains and Losses for the year ended 31st March 2008

	Note	2007-08	2006-07
		£000	£000
Pension fund actuarial gain/(loss)	20	(66,450)	15,023
Net surplus on revaluation of fixed assets	17	6	226
Recognised gain/(loss) for the year		(66,444)	15,249

The notes on pages 76 to 89 form part of these financial statements.



Balance Sheet as at 31st March 2008

	Note	31 st March 2008		31 st March 2007	
		£000	£000	£000	£000
Tangible fixed assets	7		5,979		6,402
Current assets					
Debtors	12	1,917		1,241	
Cash at bank and in hand	13	254		27	
		<u>2,171</u>		<u>1,268</u>	
Creditors: amounts falling due within one year	14	<u>(7,703)</u>		<u>(6,223)</u>	
Net current liabilities			(5,532)		(4,955)
Provisions for liabilities and charges	15		<u>(875)</u>		<u>(734)</u>
Total net assets/(liabilities) excluding pension liabilities			(428)		713
Provision for pension liabilities	20		<u>(119,658)</u>		<u>(47,747)</u>
Total net liabilities including pension liabilities			(120,086)		(47,034)
Capital and reserves					
General reserve	16		(120,871)		(47,829)
Revaluation reserve	17		785		795
			<u>(120,086)</u>		<u>(47,034)</u>

Anthony Douglas

Anthony Douglas, CBE

Chief Executive and Accounting Officer

Date: 27th June 2008



The notes on pages 76 to 89 form part of these financial statements.



Cash Flow Statement for the year ended 31st March 2008

		2007-08	2006-07
	Note	£000	£000
Net cash inflow/(outflow) from operating activities	18a	(105,414)	(102,456)
Capital expenditure and financial investment	18b	(787)	(2,531)
Financing	18c	106,531	104,373
(Decrease)/increase in cash		330	(614)



The notes on pages 76 to 89 form part of these financial statements.

Notes to the accounts year ended 31st March 2008

1 Accounting policies

These financial statements are drawn up in accordance with the Treasury's Financial Reporting Manual (FRM) and applicable accounting standards. They are in a form as directed by the Secretary of State for Children, Schools and Families with the approval of the 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 revalued in the 2007-08 financial year by reference to current cost indices as specified by the Valuation Office Agency (VOA). Freehold land and buildings were last externally valued by the VOA as at 1st April 2007 in accordance with the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors, insofar as this is consistent with current Treasury accounting guidance. Freehold properties are subject to physical



revaluation by the VOA at least every three years and by indexation using current cost indices 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 Operating Cost Statement 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 offset against any balance in the revaluation reserve relating to that particular asset, otherwise it is charged directly to the Operating Cost Statement.

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	seven years
computers & telecoms	five years
vehicles	up to four years

e Pensions

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

f Grant-in-aid

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

g Income from activities

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



h Insurance

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

i Operating leases

Rentals under operating leases are charged to the Operating Cost Statement on a straight-line basis over the lease term.

j Cost of capital

The notional cost of capital is designed to show the opportunity cost of funding the net assets needed to provide a particular service. It is a non-cash charge shown on the Operating Cost Statement. It is calculated at 3.5% (2006-07: 3.5%) of average net assets employed during the year excluding cash balances held by HM Paymaster General. The notional charge is credited back to the Operating Cost Statement before determining the net expenditure for the financial year.

Cafcass is in the unusual position of having a credit charge on the Operating Cost Statement. This is because instead of showing overall net assets on the Balance Sheet, Cafcass has overall net liabilities due to its provisions for future payments relating to the pension liability as accounted for under FRS 17 (as detailed in note 20 to the accounts).

k Accounting for Value Added Tax

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

l 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 at realisable value. Scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full on the face of the 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 Change of accounting policy

There were no changes to accounting policies applied for 2007-08.

3 Income from activities

	2007-08 £000	2006-07 £000
Training	134	117
Award of court costs	14	-
Other income	5	4
Total income from activities	153	121



4 Staff costs

2007-08	Cafcass Board Members	Corporate National Office staff	Regional staff	Total
	£000	£000	£000	£000
Salaries and wages	152	3,621	53,331	57,104
Social security costs	11	275	4,423	4,709
Employer pension contributions (see also notes 5 & 20)	-	399	6,755	7,154
Total payroll costs	163	4,295	64,509	68,967
Temporary staff costs	-	463	1,489	1,952
Seconded costs	-	-	32	32
Total staff costs	163	4,758	66,030	70,951
Average numbers employed	2 ¹	79	1,615	1,696
2006-07	£000	£000	£000	£000
Salaries and wages	149	2,623	53,586	56,358
Social security costs	12	237	4,461	4,710
Employer pension contributions (see also notes 5 & 20)	-	243	7,175	7,418
Total payroll costs	161	3,103	65,222	68,486
Temporary staff costs	-	261	844	1,105
Seconded costs	-	-	-	-
Total staff costs	161	3,364	66,066	69,591
Average numbers employed	2 ¹	51	1,685	1,738

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

The total staff cost includes a cost of £0.535m relating to a severance/voluntary early redundancy programme in 2007-08. In total 18 employees were involved. In 2006-07 there were voluntary early retirement/redundancy costs of £0.955m involving 29 employees.

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

5 Pension costs (and see note 20)

Cafcass participates in the WYPF scheme and the PCSPS. The WYPF scheme is a multi-employer defined benefit scheme in which Cafcass' share of the underlying assets and liabilities is not identified.

The contribution rate determined by the independent fund actuaries, Mercer Human Resource Consulting, is 13.2% for 2007-08. This is based on service to Cafcass and ill health retirements. Employer's contributions to the Scheme for the year amounted to £6.800m (excluding costs of £0.274m relating to the severance / voluntary early retirement programme) with 1,876 employees participating in the scheme during 2007-08 (2006-07: £7.33m including costs of £0.769m relating to voluntary early retirement / 1,769 employees).

The last independent actuarial valuation of the WYPF scheme was on 31st March 2007 and revealed that the scheme was 90% funded in relation to past service. The valuation is based on assets and liabilities at 31st March 2007. Following the actuarial valuation, the revised employer contribution rates for Cafcass have been set as follows:

2008-09	14.9%
2009-10	16.5%
2010-11	18.2%



The PCSPS is an unfunded multi-employer defined benefit scheme for which Cafcass is unable to identify its share of the underlying assets and liabilities. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. A full actuarial valuation was carried out as at 31st March 2007 and revised contribution rates will apply from 1st April 2009. Full details can be found at www.civilservice-pensions.gov.uk.

For 2007-08, employers' contributions of £0.087m (2006-07: £0.087m) were payable to the PCSPS at one of four rates in the range of 17.1% to 25.5% of pensionable pay, based on salary bands. For 2008-09 salary bands will be revised but the rates payable will remain the same.

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

Ten employees participated in the PCSPS during 2007-08 (2006-07: 10) and none of these individuals were in a partnership pension account or a stakeholder pension.

6 other operating charges

	2007-08	2006-07
	£000	£000
Accommodation costs	7,483	7,384
Outsourced accounts and payroll services	3,840	2,849
Office supplies, printing and stationery	2,051	1,874
Recruitment costs	553	251
Travel and subsistence	4,704	4,474
Vehicle expenses	481	488
External consultancy	735	360
Legal costs	785	783
External audit costs	57	55
Internal audit costs	140	95
Telecommunications and postage	1,314	1,260
Fuel and utilities	348	339
Total training cost	1,171	735
Downward revaluation of fixed assets	77	463
(Profit) on sale of assets	(54)	(5)
Movement in bad debt provision	(9)	7
Movement in (other) provisions	223	446
Staff related costs	151	115
Interpreters and translators	220	157
Other costs	265	172
	24,535	22,302



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 1st April 2007	2,985	1,333	8,871	66	13,255
Additions	0	0	917	0	917
Disposal	(95)	0	(40)	(11)	(146)
Revaluation	3	0	(316)	0	(313)
At 31st March 2008	2,893	1,333	9,432	55	13,713
Depreciation					
At 1st April 2007	176	840	5,791	46	6,853
Charged in year	34	156	949	3	1,142
Disposals	(8)	0	0	(11)	(19)
Revaluation	(3)	0	(239)	0	(242)
At 31st March 2008	199	996	6,501	38	7,734
Net book value					
At 31st March 2008	2,694	337	2,931	17	5,979
At 31st March 2007	2,809	493	3,080	20	6,402

The cost of additions to fixed assets is funded through (capital) grant-in-aid (see Note 16).

Permanent diminutions charged to the Operating Cost Statement of £0.107m include diminution of computer and telecommunications equipment.

Freehold land at 31st March 2008 was valued at £0.943m (2006-07: £0.953m).

Property assets were independently revalued by the Valuation Office Agency as at 1st April 2007 in accordance with the RICS Appraisal and Valuation Manual, published by the Royal Institution of Chartered Surveyors, insofar as this is consistent with current Treasury accounting guidance. A desktop valuation of all property assets was undertaken by the Valuation Office Agency as at 1st April 2008.

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 Self-employed contractors

In 2007-08 we contracted the services of 365 self-employed contractors (2006-07: 395) of which amounts paid amounted to £8.877m in the year (2006-07: £9.730m). As self-employed contractors, they are responsible for meeting travel, office and all other expenses related to their work, as well as related tax and national insurance liabilities.

9 Partnership costs

Partnership costs of £2.310m (2006-07: £1.099m) represent the cost of services provided by Cafcass through third party organisations such as contact centres and mediation centres.

In addition to Cafcass' baseline partnership budget, in 2007-08 Cafcass received additional funding of £1.5m from DCSF for distribution to child contact centres linked to the implementation of the Children and Adoption Act 2006.

10 Operating surplus/(deficit)

Cafcass' payments for 2007-08 were met primarily from the cash funding available from the DCSF.

After adjusting for the FRS 17 income and expenditure pension charge and the related cost of capital adjustment, which Cafcass is not funded for within its resource budget, Cafcass underspent against its £108.633m resource budget by £0.084m / 0.08%.

		2007-08 £000
Total resource budget		<u>108,633</u>
Total net revenue expenditure	113,123	
Total capital expenditure	917	
Interest receivable	-	
Cost of capital (excluding pension liability)	(30)	
	<u>114,010</u>	
FRS 17 pension charge to Operating Cost Statement	(5,461)	
Net expenditure		<u>108,549</u>
Under/(over) spend		<u><u>84</u></u>

11 Interest receivable and similar income

	2007-08 £000	2006-07 £000
Interest received on staff loans	-	-

12 Debtors

	31 st March 2008 £000	31 st March 2007 £000
Other debtors	338	171
Prepayments and accrued income	1,587	1,087
Provision for bad debts	(8)	(17)
	<u>1,917</u>	<u>1,241</u>



There is also a balance of £0.015m within other debtors for amount falling due after one year that relates to accommodation deposits for two properties.

Intra-government balances

Balances with Central Government bodies	71
Balances with Local Authorities	744
Balances with NHS Trusts	5
Balances with Public Corporations	32
Balances with bodies external to Government	1,065
Total	1,917

13 Analysis of changes in cash

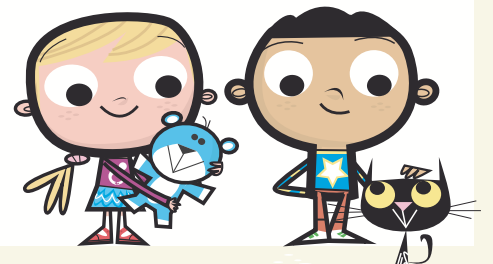
	1 st April 2007 £000	Cash flow £000	31 st March 2008 £000
Cash	27	(6)	21
Bank	(103)	336	233
Total	(76)	330	254

14 creditors: amounts falling due within one year


	31 st March 2008 £000	31 st March 2007 £000
Bank overdraft	-	103
Trade creditors	2,614	2,502
Accruals and deferred income	2,627	2,554
Taxation and social security	2,420	836
Other creditors	42	228
	7,703	6,223

Intra-government balances

Balances with Central Government bodies	1,674
Balances with Local Authorities	51
Balances with NHS Trusts	-
Balances with Public Corporations	925
Balances with bodies external to Government	5,053
Total	7,703



15 Provisions for liabilities and charges

	2007-08		2006-07	
	Employment Claims	Other	TOTAL	TOTAL
	£000	£000	£000	£000
Balance of provision at 1st April	606	128	734	457
Provision utilised in year	(84)	(65)	(149)	(169)
Provision reversed unused in year	(299)	(73)	(372)	(208)
Increase in provision	517	145	662	654
Balance of provision at 31st March	740	135	875	734

Cafcass makes provisions for legal or constructive obligations (liabilities), which are of uncertain timing or amount at the balance sheet date, on the basis of the best estimate of the expenditure required to settle the obligation.

The increase in provision largely relates to new cases relating to employment claims in 2007-08.

16 General reserve

	31 st March 2008	31 st March 2007
	£000	£000
Balance at 1st April	(47,829)	(59,353)
Net expenditure for the financial year	(113,123)	(107,872)
Pension fund actuarial losses	(66,450)	15,023
Grant-in-aid received towards resource expenditure	105,614	101,837
Grant-in-aid received towards purchase of fixed assets	917	2,536
Balance at 31st March	(120,871)	(47,829)

17 Revaluation reserve

	31 st March 2008	31 st March 2007
	£000	£000
Balance at 1st April	795	569
Upward revaluations of fixed assets	36	231
Downward revaluations of fixed assets	(30)	(5)
Revaluation released to Operating Cost Statement	(16)	-
Balance at 31st March	785	795

18 cash flow statement

18a Reconciliation of operating deficit to net cash inflow/(outflow) from operating activities

	Note	2007-08 £000	2006-07 £000
Net expenditure for the financial year		(113,123)	(107,872)
Depreciation	7	1,142	950
Profit on disposal of fixed assets		(3)	(5)
Decrease/(increase) in debtors	12	(676)	294
Increase/(decrease) in creditors	14	1,583	(884)
Increase in provisions	15	141	277
Downward revaluation of fixed assets	7	107	468
Release of revaluation reserve against disposal	17	(16)	-
Release of revaluation reserve against downward revaluation of fixed assets	17	(30)	(5)
Increase in pension costs	20	5,461	4,321
Net cash inflow/(outflow) from operating activities		(105,414)	(102,456)

18b Analysis of capital expenditure and financial investment

	Note	2007-08 £000	2006-07 £000
Payments made to acquire tangible fixed assets	7	(917)	(2,536)
Payments made to acquire intangible fixed assets	7	-	-
Proceeds from the disposal of fixed assets		130	5
Net cash inflow/(outflow) from investing activities		(787)	(2,531)

18c Analysis of financing

	Note	2007-08 £000	2006-07 £000
Grant-in-aid received	16	106,531	104,373
		106,531	104,373

19 commitments

capital commitments

There were no contracted capital commitments as at 31st March 2008.

Operating lease commitments

Commitments under operating lease to pay rentals during the year following the year of these accounts are given in the table below, analysed according to the period in which the lease expires.

	2007-08 £000	2006-07 £000
Obligation under operating leases comprise:		
Land and buildings:		
Expiry within 1 year	373	317
Expiry after 1 year but not more than 5 years	1,727	551
Expiry thereafter	1,267	2,489
	<u>3,367</u>	<u>3,357</u>
Other:		
Expiry within 1 year	141	159
Expiry after 1 year but not more than 5 years	412	331
Expiry thereafter	2	19
	<u>555</u>	<u>509</u>
	<u>3,922</u>	<u>3,866</u>



other commitments

Cafcass has signed a seven-year contract with Fujitsu to provide information and communication technology services across the organisation commencing fully from October 2008. The contract includes a refresh of both hardware and software after four years. The Fujitsu commitment in 2008-09 is approximately £4.017m. The current IT, finance and payroll provider Unisys Ltd will continue to provide IT services until September 2008. The commitment in 2008-09 to Unisys Ltd is £1.541m. A new one-year contract was signed with UISL to provide finance and payroll services in 2008-09. The commitment to UISL in 2008-09 is £0.595m. All commitments are inclusive of VAT.

20 Pension liabilities (FRS17)

WYPF's actuary, Mercer Human Resource Consulting carried out an FRS 17 valuation for Cafcass as at 31st March 2008.

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

Cafcass accounts for scheme liabilities in accordance with FRS 17 – Retirement benefits. This is the third year a FRS 17 disclosure has been made and as such there is limited history of movements in liabilities. The in year service cost has been reflected in the Operating Cost Statement.

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 st March 2008	31 st March 2007
Rate of inflation	3.6%	3.1%
Rate of increase in salaries	5.35%	4.85%
Rate of increase in pensions	3.6%	3.1%
Discount rate	6.1%	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 scheme assets are valued at 'fair value', the assets are not intended to be realised in the short term and may be subject to significant change before they are realised. The liabilities are valued based on the present value of the schemes liabilities, which are derived from cash flow projections over long periods and are thus inherently uncertain.

	As at 31 st March 2008		As at 1 st April 2007	
	Expected rate of return	£000	Expected rate of return	£000
Equities	7.5%	139,814	7.5%	144,233
Government bonds	4.6%	18,135	4.7%	14,306
Other bonds	6.1%	7,995	5.4%	8,035
Property	6.5%	9,945	6.5%	10,386
Cash/liquidity	5.25%	7,020	5.25%	10,190
Other	7.5%	12,090	7.5%	8,819
Total market value of assets		194,999		195,969
Actuarial value of liabilities		(314,657)		(243,716)
Deficit in the scheme		(119,658)		(47,747)
Related deferred tax asset		-		-
Net pension liability		(119,658)		(47,747)

The FRS17 valuation as at 31st March 2008 includes assets and liabilities in respect of the deferred members whose employment was transferred to Cafcass Cymru with effect from 1st April 2005.

History of experience gains and losses

	2007-08 £000's	2006-07 £000's	2005-06 £000's
Difference between the expected and actual return on scheme assets:			
Amount	(20,565)	2,054	23,281
Percentage of scheme assets	(11%)	1%	14%
Experience gains and losses on scheme liabilities:			
Amount	(34,317)	0	(27,594)
Percentage of present value of the scheme liabilities	(11%)	0%	(12%)
Total amount recognised in statement of recognised gains and losses:			
Amount	(66,450)	15,023	(22,050)
Percentage of present value of the scheme liabilities	(21%)	6%	(10%)

Analysis of other pension costs debited to the operating cost statement:

	2007-08
	£000
Current service cost	(9,175)
Employer's contributions	7,000
Past service/curtailment/settlement gain	(3,737)
Net interest/return on assets	451
Total	(5,461)

Note: Due to tight timescales some of the FRS 17 Calculations are based on estimates, the 'Employers contributions' above are estimated costs based on 11 months actual data (ie April 2007 to February 2008). The actual employer pension contributions for 2007-08 are detailed in Note 5, the difference between the actual and estimated cost is immaterial.

Analysis of net return on pension scheme:

	2007-08
	£000
Expected return on pension scheme assets	13,848
Interest on pension liabilities	(13,397)
Net gain/(loss)	451

Analysis of amounts recognised in Statement of Recognised gains and Losses:

	2007-08	2006-07	2005-06
	£000	£000	£000
Asset gain/(loss)	(20,565)	2,054	23,281
Liability gain/(loss)	(34,317)	-	(27,594)
Change in assumptions	(11,568)	12,969	(17,737)
Net gain/(loss)	(66,450)	15,023	(22,050)

A five-year summary of experience gains and losses is not available, as Cafcass has only adopted FRS 17 in the last three years.

Movement in deficit during the year:

	2007-08
	£000
Deficit in scheme at beginning of year	(47,747)
Movement in year:	
Current service cost	(9,175)
Employer's contributions	7,000
Past service/curtailment/settlement gain/(loss)	(3,737)
Net interest/return on assets	451
Actuarial gain/(loss)	(66,450)
Deficit in scheme at end of the year	(119,658)



21 Related party transactions

Cafcass is an executive non-departmental public body that is sponsored by the DCSF. DCSF as such is regarded as a related party. During 2007-08, Cafcass had various material transactions with DCSF, including the receipt of £106.531m grant funding from DCSF. Cafcass does have occasional small transactions with other central government bodies and local authorities which are considered not to be material.

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

22 Events after Balance Sheet date

During 2007-08 Cafcass underwent a restructuring process. Previously operating as ten regions, from 1st April 2008 Cafcass is organised as 21 local service areas. The 21 local service areas are grouped into three larger operational areas covering North, Central and South of England. The restructure will not affect the financial statements of Cafcass in the current or future financial years. The financial statements were authorised for issue on 3rd July 2008 by Anthony Douglas, CBE (Accounting Officer).

23 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 that 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 31st March 2008.

Liquidity risk

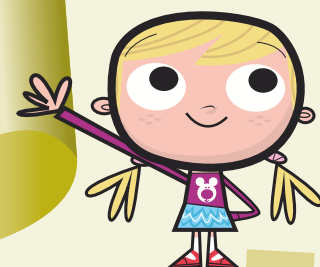
Cafcass' net revenue resource requirements are financed by resources voted annually by Parliament, just as its capital expenditure largely is. Cafcass is not therefore exposed to significant liquidity risks.

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.



General contact details



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we will be based at
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Further information is available on our website www.cafcass.gov.uk including our 2007-10 Strategic Business Plan.

We have several leaflets that explain the work we do, including:



Cafcass leaflets are also available in other community languages and in alternative formats.

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

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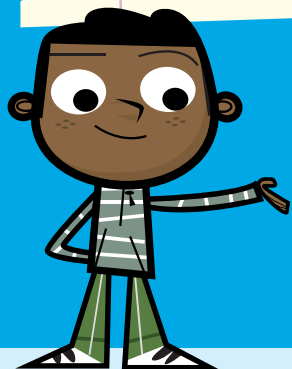
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