

*MCSI Inspection of Court Services*

*Children and Family Court Advisory  
and Support Service (CAFCASS)*

**Managing CAFCASS**

**Corporate Governance and Strategy &  
Performance Management**

*Report of an inspection carried out during*

*May 2004*

## *MCSI Inspection of Court Services*

MCSI has a remit to inspect and report to the Lord Chancellor in the Department for Constitutional Affairs. Its legal powers and duties covering inspection of CAFCASS are set out in section 17 of the Criminal Justice and Court Services Act 2000. Following changes announced in June 2003, departmental responsibility for CAFCASS moved to the Department for Education and Skills (DfES). Under the Transfer of Functions Order 2003, MCSI reports on CAFCASS to the Minister for Children, Young People and Families in DfES.

*Corporate Governance and Strategy & Performance Management* is MCSI's third report of a new programme of inspections on specific aspects of CAFCASS.

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# *Chief Inspector's Foreword*

Our inspection focused on two topics:

- **Corporate Governance** (Working arrangements that ensure regularity, propriety, probity and accountability in all CAF/CASS undertakings).
- **Strategic Management** (how well CAF/CASS plans its services for the future and checks that the plans are followed).

Sound corporate governance, together with the development of appropriate strategies and the effective management of the organisation's performance, are vital if CAF/CASS is to deliver a service that safeguards children and promotes their welfare. In the period leading up to this inspection, the report of the House of Commons Committee on the Lord Chancellor's Department Children and Family Court Advisory and Support Service criticised both the governance of CAF/CASS and the quality of the Board's leadership. There had also been much publicised concern over delay.

MCSI last inspected Corporate Governance and Strategy & Performance Management as part of the baseline inspection of Headquarters in October and November 2002. Given the concerns expressed, it seemed appropriate to undertake a more detailed inspection of these functions.

MCSI inspectors found that the Transitional Board – and, more recently, the new Board and the Executive Team – have taken a number of positive steps to address these concerns, although important work remains to be completed. Key to the future of CAF/CASS is the work currently being undertaken with the Department for Education and Skills to address deficiencies in the existing Framework Document. This restatement of its status as a Non Departmental Public Body, together with the work being carried out within CAF/CASS to clarify roles and responsibilities of the Board and the Executive Team will, if successful, have the potential to rebuild confidence in the governance and strategic management of the Service. However, critical to this is the need for the collective role of the Executive Team to be firmly established. We make our first recommendation to that effect.

Throughout a period of considerable upheaval between the publication of the Select Committee report and the appointment of the Transitional Board, the Executive Team and staff have worked hard to deliver the Service and address issues such as delay that directly touch the lives of Service users. CAF/CASS is now beginning to see the fruit of its labours as performance improves, for which it should be congratulated. During this period, however, the strategic focus on diversity and the requirements of the Race Relations (Amendment) Act has been lost. Our second recommendation is aimed at recapturing that focus to support and develop the good work being carried on in Wales and the English regions.

I am grateful to all those in CAF/CASS Headquarters for their co-operation in the inspection process. In particular, I would like to thank Mara Broome and Justine Atterbury who acted as liaison officers for the inspection, and Fiona Elliott, Kathryn Joseph and Sylvia Munoz, who worked with them in gathering the briefing material provided in advance of the inspection and arranging the on-site meetings.

A handwritten signature in black ink that reads "Stella Dixon". The signature is written in a cursive, flowing style.

**Dr Stella Dixon**  
**HM Chief Inspector**  
**MCSI Inspection of Court Services**  
**August 2004**

## Context

1. This inspection, which took place in May 2004, occurred at a time of considerable change for CAFCASS.
2. In June 2003, following changes in the machinery of Government, it was agreed that the responsibility for CAFCASS would be moved from the Lord Chancellor's Department (LCD) – now the Department for Constitutional Affairs (DCA) – to the Department for Education and Skills (DfES). This change subsequently took place in January 2004.
3. The report of the House of Commons Committee on the Lord Chancellor's Department Children and Family Court Advisory and Support Service (the Select Committee Report<sup>1</sup>) criticised both the governance of CAFCASS and the quality of the Board's leadership. Following the publication of the Report, the Chair and all but one of the Board members resigned. A new Chair was appointed for a period of two years and a Transitional Board was appointed in December 2003, pending the appointment of a new substantive Board. The new Board met for the first time in April 2004.
4. Spring 2004 was also a time of change in respect of the Executive Team. The Chief Executive's contract was coming to an end and the organisation was in the process of finding a replacement. In addition, in the period immediately prior to the inspection, it was announced that three members of the Executive Team would be leaving CAFCASS to take up new appointments.

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<sup>1</sup> House of Commons Committee on the Lord Chancellor's Department Children and Family Court Advisory and Support Service HC 614-1.

## *Inspection Findings 1: Corporate Governance*

This section assesses the degree to which working arrangements ensure regularity, propriety, probity and accountability in all CAFCASS's undertakings

In order to fulfil this key function, MCSI expects CAFCASS to:

- ❑ demonstrate adherence to appropriate principles of conduct in public affairs
- ❑ provide leadership and direction for the Service, informed by appropriate advice
- ❑ account for its performance
- ❑ demonstrate financial responsibility and accountability and establish systems that assure regularity, propriety and probity in the management of public money
- ❑ co-operate with others in meeting aims set for the family justice system
- ❑ be responsive to the views of an informed community
- ❑ ensure that race equality is a central part of its service delivery.

### *Overall assessment*

CAFCASS has taken appropriate steps to enhance its adherence to the principles of conduct in public affairs. Key structures are in place and action has been taken to address deficiencies in the Framework Document.

The Board and Executive Team have latterly adopted a more proactive and open approach in the leadership of the organisation. They are engaged effectively in working with major stakeholders to achieve the wider aims of the family justice system.

There is no consistent culture of accountability within CAFCASS nor, as yet, adequate systems to support such a culture. However, the increased focus on risk management and action taken by the Audit Committee to hold the Executive Team to account will assist in strengthening lines of accountability. The roles of the Chair, Chief Executive and the Board are clearly stated, although there is no clear, consistent understanding within the Executive Team of its collective role as the senior management team.

CAFCASS has in place appropriate systems that allow it to discharge its financial responsibilities. Although systems audit recommendations have not been followed up on a consistent basis, this has now been addressed.

CAFCASS has acknowledged the importance of responding positively to public criticism. It has reviewed its communications strategies, and completed a user survey. The survey responses were predominately from private law cases. CAFCASS has yet to find an effective means of obtaining feedback from adults in public law cases. CAFCASS has taken some early steps to listen to the voice of the child.

While staff in Wales and the English regions have taken action to highlight the importance of diversity in terms of both service users and staff, there has been a lack of proactive and effective leadership from the centre in respect of diversity. As a result, CAFCASS's response to the Race Relations (Amendment) Act 2000 has stalled.

## *Adherence to appropriate principles of conduct in public affairs*

- 1.1 CAFCASS has taken appropriate steps to enhance its adherence to established principles of conduct in public affairs. Key governance documents are in place, including: Standing Orders; Reservations of Power to the Board and Delegation of Powers; and a Code of Practice and Rules of Conduct for Board Members of CAFCASS, based on the Nolan Principles of conduct in public life. These provide a sound working basis for the new Board.
- 1.2 The current governance documents have been in existence since 2002. Good practice suggests that such documents should be reviewed regularly. The Board may wish to consider establishing such a pattern. One area where further clarity may be beneficial relates to the issues of corporate responsibility, confidentiality and ‘whistleblowing’, which seem to be a source of some confusion and concern among staff following recent reports in the media.
- 1.3 Members of the new Board have been asked to complete the Register of Members’ Interests. It is also the intention that every Board meeting will begin with a request for members to declare any conflicts of interest arising from agenda items. Recent Board minutes show that this is operating in practice. MCSI supports such overt adherence to good governance practice.
- 1.4 The Framework and Financial Memorandum Document<sup>2</sup> (known as the Framework Document) is a keystone document in the corporate governance of CAFCASS. It gives structure to the relationship between CAFCASS and the DfES and outlines the overall purpose of CAFCASS. In its report, the Select Committee identified the Framework Document as failing to reflect the proper relationship between CAFCASS as a Non Departmental Public Body (NDPB) and the LCD.
- 1.5 CAFCASS is currently actively engaged in negotiation with the DfES to address deficiencies in the Framework Document. Early drafts of the new Framework Document prepared by DfES were seen by CAFCASS as not fully addressing the concerns expressed by the Select Committee. CAFCASS is also concerned with ensuring that the skills and knowledge it has to offer in partnership with DfES are fully recognised in the Framework Document.
- 1.6 It is important that the wording of the Framework Document comprehensively reflects the nature of the relationship between CAFCASS and DfES. MCSI is of the view that it is also important that agreement of the text is accompanied by agreement on its application. This is necessary because, in MCSI’s view, the existing Framework Document was subject to differing interpretations within CAFCASS and the LCD (now the Department FOR Constitutional Affairs) that gave rise to some difficulties. CAFCASS considers that the Framework Document was too prescriptive.

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<sup>2</sup> The Framework Document sets out a broad structure within which CAFCASS should operate, including: CAFCASS’s functions, duties and powers, the conditions under which it receives public funds, how it is to account for its performance, and the relationship between the Lord Chancellor and his Department, (DCA), the sponsoring Department and CAFCASS.

The Document also sets out the responsibilities of the Chair of CAFCASS, the Board members and the Chief Executive. It also outlines the main functions of the Sponsorship Unit, which acts as the main point of contact between CAFCASS and the sponsoring Department.

- 1.7 The appointment of the new Board has been widely welcomed throughout CAFCASS. There is a general perception within the Service that individuals of high calibre have been appointed. Appropriate arrangements have been made for the induction of members of the new Board and for their future development. These include:
- group and one-to-one meetings with the Chair
  - an away-day in June
  - an increase in the number of Board meetings for the first year to provide Board members with the opportunity to gain a broader understanding of the issues facing the Service.

MCSI is particularly pleased to note that the arrangements also include annual appraisal for Board members, although this does not at present include the Chair.

### *Leadership and direction for the Service, informed by appropriate advice*

- 1.8 The Board has latterly adopted a more proactive approach to its leadership of the Service, demonstrated in the recent letters to staff from the Board and the Executive Team that explained the corporate thinking about the future.
- 1.9 Inspections of CAFCASS have shown that staff have commonly characterised the Board as remote. The appointment of the new Board provides an opportunity for CAFCASS to rebuild confidence among staff in the governance and leadership of the Service. Of particular importance in this will be the way in which the Board and the Executive Team work together to discharge their respective responsibilities.
- 1.10 In the past, MCSI has reported that boundaries between the Board and the Executive Team have been blurred and uncertain, resulting in confusion and inappropriate ways of working. While work has gone on between the Transitional Board and the Executive Team to address some of these issues, others remain to be resolved. There is an urgent need for those boundaries to be clearly restated and adhered to by members of the Board and the Executive Team. The changes in approach identified above are, therefore, welcome steps forward and, if sustained, have the potential to build staff confidence in both the Board and the Executive Team.
- 1.11 The collective role of the Executive Team, and any agreed decision-making processes, have never been documented. As a result, there is an absence of clear guidance and common understanding among the Executive Team members of their collective roles and responsibilities. Further, the blurring of boundaries between the Board and the Executive Team that occurred in the past has resulted in the lines of accountability between the Board and the Executive Team becoming confused. This has affected the ability of the Executive Team to provide appropriate advice to the Board on a consistent basis and, in turn, the Board's ability to give leadership and direction.
- 1.12 The Transitional Board and the Executive Team both recognised the need for change and took some positive steps to achieve it. The new Board has followed this up and has started to address the issue of appropriate boundaries through defining roles within Board meetings and clarifying its information needs. The Executive Team has appointed management consultants to assist it in addressing identified weaknesses and developing

better patterns of working with the Board. This work is ongoing but has yet to result in a common understanding among the Executive Team members about their collective role within the Team or how it should be discharged.

- 1.13 It is critical to the effective working of the Executive Team, and its ability to service the Board with appropriate advice, that these issues are vigorously pursued to ensure that a common understanding is reached among the Executive Team members about their collective role and how it is to be discharged. A recommendation is made to this effect – see paragraph 2.20.

## *Accounting for performance*

- 1.14 Current management information systems are inadequate to allow CAFCASS to account comprehensively for its performance in respect of services to families and children or to support the development of a culture of accountability. As such, the extent of accountability is variable, both internally within CAFCASS and externally to stakeholders.
- 1.15 While some Directorates have produced reliable, consistent data – in particular, the Finance Directorate – other Directorates have struggled with computer systems that are not integrated or networked, or do not capture the data required. Key improvements to the performance management system, such as the Case Management System, and the introduction of a central model for capturing operational data from the regions in a consistent manner, will assist in future.
- 1.16 CAFCASS has recognised that weakness in capacity at Headquarters level has had a detrimental effect on the Service’s ability to account for its performance. It has taken a number of important steps to improve it, including the creation of a number of new posts. Recent additions include:
- three Divisional Director posts within the Operations Directorate
  - a Head of Corporate Legal Services post within CAFCASS Legal Services
  - senior manager posts in policy development, training and professional development.
- 1.17 There has been a general improvement in the quality of the papers submitted to the Board by the Executive Team this year. Additionally, there have been changes in the way the corporate risk register is structured, with risk linked to objectives and the risk owner identified. Together with reliable finance data, these have delivered some improvement in the Service’s ability to account for its performance.
- 1.18 There is no consistent pattern of in-year review or appraisal of Directors or senior managers. Some have received both, others report having had informal discussions. Not all Directors and Senior Managers at Headquarters expected to receive either in-year review or appraisal. In MCSI’s view, review and appraisal of Directors and Senior Managers are essential elements of accountability within the Service.
- 1.19 Crucially, there is an absence within CAFCASS of a consistent culture of accountability. Its ability to develop one is restricted by the limited shared understanding of what accountability means within the Service and the weaknesses in the management information system mentioned above. There is also confusion at the corporate level about

the issues of autonomy and accountability. This reflects a similar confusion found across the wider Service in previous MCSI inspections. These have been long-standing issues and, indeed, some of them stem from differences of approach to accountability in the three previous Services which came together in 2001 when CAFCASS was established. MCSI accepts that improving accountability will entail a major change in culture that will not be achieved quickly. However, it is essential that CAFCASS resolve these issues in order to account fully for its performance in an open and transparent way.

***Recommendation 1: That, in order to improve its Corporate Governance and Strategy & Performance Management, CAFCASS should:***

- ***take action to establish a clear and consistent understanding of accountability between the Board and the Executive Team***
- ***define the collective role of the Executive Team and reach agreement with the Executive Team members on how that function is to be discharged***
- ***develop and implement a strategy to move the whole organisation towards the development of a culture of accountability.***

***Financial responsibility and accountability***

1.20 CAFCASS has in place appropriate and robust systems that allow it to account for the management of its funds and to demonstrate regularity, propriety and probity in the conduct of its financial responsibilities.

1.21 The Executive Team has demonstrated its sound financial judgement in identifying the Service's financial needs and having its proposals supported by external auditors. Equally, the effectiveness of the financial management systems has been underpinned by a series of unqualified accounts over the past two years<sup>3</sup>. This is a significant achievement for which CAFCASS deserves credit.

1.22 One weakness in the financial accountability arrangements was that, until recently, CAFCASS has failed to follow up consistently recommendations made following internal audits of specific financial systems in the regions. The Audit Committee of the Transitional Board expressed concern that some recommendations remained outstanding after one year. The Executive Team has now addressed this by instigating a process whereby audit recommendations are reviewed on a monthly basis.

***Co-operation with others in meeting aims set for the family justice system***

1.23 Inspectors found CAFCASS to be working closely and effectively with other major stakeholders in developing, adopting and implementing policies and procedures that contribute to achieving the wider aims of the family justice system. This is particularly evident in the development and implementation of the Public Law Children Act Protocol and work currently being undertaken with the courts, DCA and DfES in the development of alternative approaches to settling disputes in private law proceedings.

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<sup>3</sup> MCSI is pleased to note that the 2003/04 accounts also received unqualified approval after the completion of the inspection fieldwork.

- 1.24 CAFCASS has set up several groups that give it access to the views and opinions of other organisations. The recent decision to review some group membership has allowed a broader base to be developed. MCSI is of the view that these have the potential to assist CAFCASS in the development of its plans and policies.
- 1.25 There is also a scheme of delegated responsibility in place that links individual Executive Team members with specific groups, such as service users, the judiciary, and social services. This is an important element in the Service's connections with the wider family justice system and its users. MCSI found that there were differences of view among the Executive Team members as to how the scheme should work. Inspectors suggest that the Executive Team may wish to address this when it considers and codifies its collective responsibilities.
- 1.26 While CAFCASS has a number of opportunities to meet with partner agencies, a key issue has been the shortage of senior staff to ensure representation at the appropriate level. The recent appointments of the Divisional Directors and other senior managers have now improved the situation, both at HQ and in the regions.
- 1.27 An obstacle to taking forward the aims of the wider family justice system is the lack of a common vocabulary between partner agencies. This needs to be addressed in order to gain the maximum benefit from joined-up working. At its simplest, it is about having an agreed understanding of commonly used terms such as 'representation of the child'. At its more complex, it is about the apparent lack of a coherent overall strategy for the family justice system and the need for those involved to understand the context in which the individual agencies work and how they judge and implement policy and practice developments. These are examples of issues that CAFCASS cannot address on its own and, in order to reach consensus, wider discussions are needed, in which CAFCASS might play a leading role.

### *Responding to the views of an informed community*

- 1.28 CAFCASS has acknowledged the importance of responding positively to public criticism and has taken steps to develop a more proactive approach to capturing and understanding the views of service users and others involved in the family justice system.
- 1.29 The Board has recently approved a new, more robust communications strategy, which clearly sets out its communications priorities and concerns, and identifies ways to address them.
- 1.30 CAFCASS has also taken positive steps to strengthen the contribution service users make to its thinking and service development. As mentioned above, membership of the Service User Group, which is made up of representative groups involved in working with children and families, has recently been extended to provide a broader base of experience and knowledge.
- 1.31 In addition, the Board recently received the results of a user survey commissioned last year and conducted by external consultants. An action plan was approved and will be developed in-house to address some of the concerns identified by the survey, such as the operation of the complaints procedure.

- 1.32 The majority of those who chose to take part in the telephone survey were adults in private law proceedings. The survey's negative comments have been interpreted by some Headquarters staff as a wider dissatisfaction with the outcome of cases at court rather than, more narrowly, a criticism about the involvement of CAFCASS. While such views may well have some validity, they can appear over-defensive. The Service needs to continue to demonstrate that it welcomes and evaluates all user views in a positive manner.
- 1.33 The recent survey failed to engage with adults in public law proceedings. This mirrors MCSI's experience in obtaining adult user views in public law. Such parents could offer important feedback to CAFCASS in handling some of its most sensitive cases. Given that the main point of contact for such parents is the Social Services Department of their local authority, this may be an area where individual regions are better placed to undertake some joint work with local authorities. It is an area MCSI would encourage CAFCASS to explore.
- 1.34 CAFCASS has yet to find a way of engaging effectively with children in receipt of its services. Current legislation designed to protect the privacy of children and families involved in family law proceedings makes such engagement difficult. It is therefore important to note that, in the case of children, CAFCASS is actively pursuing some early development work focused on involving children in providing feedback to the Service.

### *Race equality as a central part of service delivery*

- 1.35 While staff in Wales and the English regions have taken action to highlight the importance of diversity, in terms of both service users and staff, there has been a lack of proactive and energetic leadership from the centre to drive the diversity agenda forward strategically.
- 1.36 CAFCASS has taken some important steps to improve its understanding of the situation by, for example, commissioning consultants to explore progress made in respect of diversity and surveying its staff about diversity. CAFCASS has also monitored service users and staff in relation to the Race Relations (Amendment) Act, although the level of returns has been disappointing. In the light of the consultants' report, which is due for consideration by the Chief Executive and the Board later this year, action will be needed to refocus and move forward the Service's diversity strategy. Plans are in place to re-launch the Diversity policy in October 2004. This will be an opportunity to ensure that any strategy fully embraces the legal requirements that the Race Relations (Amendment) Act places upon public bodies, as well as the Act's broader intentions.

***Recommendation 2: That, in order to improve its Corporate Governance and Strategy & Performance Management, CAFCASS should develop plans of action to take forward the organisation's response to the wider issues of diversity, including the Race Relations (Amendment) Act 2000.***

## *Inspection Findings 2: Strategy and Performance Management*

This section assesses the degree to which the Board and Executive Team have established a pertinent direction for CAFCASS, complemented by a staged plan of action and mechanisms for implementation and review, and systematic management of performance.

In order to fulfil this key function, MCSI expects CAFCASS to:

- ❑ show leadership in determining and communicating its strategic direction
- ❑ have in place an effective organisational structure to deliver its regional strategy
- ❑ have identified key strategic issues and determined effective plans of action
- ❑ have in place procedures to ensure that assets are used effectively and meet value for money criteria
- ❑ set standards of performance and arrangements for monitoring them.

### *Overall assessment*

Despite the impact of the transfer of function, the Select Committee report and delays in agreeing the budget, the CAFCASS Board and Executive Team have shown appropriate leadership in determining and communicating the current strategic direction. However, its longer-term direction has yet to be fully articulated and is inhibited, in part, by a lack of clarity about future funding.

CAFCASS has taken a number of appropriate steps to strengthen the organisational structure and to address concerns over management workloads. While the organisational structure now has the potential to be effective, there is still confusion about overlapping areas of responsibility among Directorates, which causes confusion in the wider organisation.

Whilst performance targets have been set, inconsistent performance management data has meant that senior managers have been unable to monitor performance effectively. However, CAFCASS has responded appropriately by strengthening the risk assessment process and making some improvements to the performance management system. Changes to the planning process have been successful in incorporating the views of the wider organisation and improving ownership of the business plan.

CAFCASS has established strong accounting processes and close control over its assets.

### *Leadership in strategic direction*

- 2.1 The Select Committee report; the Transfer of Function from the Department of Constitutional Affairs (DCA) to the Department for Education and Skills (DfES); and delays in its budget being agreed, presented the CAFCASS Transitional Board and Executive Team with a considerable challenge in establishing and communicating a strategic direction for the Service. Despite these difficulties, CAFCASS has worked closely with DfES to incorporate Government priorities in its strategies and to develop and present a business plan for the coming year.

- 2.2 CAF/CASS has yet to review its Corporate Plan in which it sets out its strategy for the next three to four years. This has been postponed until the autumn of 2004 to allow the new Board to gain a broader understanding of the issues to be addressed. To date, CAF/CASS budgets have been set annually, rather than covering the three-year period of the Public Spending Review. Although CAF/CASS has been given significant budget increases each year, the lack of clarity about future budgets has made it difficult for CAF/CASS to develop longer-term strategies.
- 2.3 CAF/CASS needs clarity about its grant-in-aid allocation as early as possible in the financial year to facilitate budget allocation within the organisation. As such, the manner and timing of budget allocations and the longer-term financial strategy are critical issues that the Executive Team and the Board need to address with DfES.
- 2.4 In addition to financial matters, Inspectors found some Directors and senior managers had thought deeply about key issues such as:
- the role of CAF/CASS in proceedings
  - whether its key function is to provide a service, or to facilitate change where families are in dispute
  - the impact of European obligations, particularly in the field of Human Rights legislation
- and the impact of these issues on the future direction of the Service.
- 2.5 MCSI found a lack of clarity among the Executive Team members as to the appropriate forum for sharing strategic thinking with colleagues, coupled with some concern about the way that this might be received. This is symptomatic of the way the Executive Team functions as a collective body and which it is seeking to address. It is essential that the Executive Team operates in such a way that the development of key strategic issues is through discussion and ownership within this group. This will help ensure that the Board is properly advised when reviewing CAF/CASS's corporate plan and its longer-term vision.

## *Organisational structure*

- 2.6 The roles and responsibilities of the Board Chair, Chief Executive and the Board are clearly stated within key corporate governance documents and work has begun with the new Board to establish an explicit understanding of how these roles work out in practice. However, as mentioned in paragraph 1.12, the roles and responsibilities of Executive Team members are less clear. Inspectors found, for example, that a number of Directors and senior managers are still working to job descriptions developed when CAF/CASS was created. These are considered by some staff as outdated and unrepresentative of current responsibilities.
- 2.7 Although there is evidence of good work by individual Directors, as mentioned previously, there is a lack of a clear understanding among them of their collective role, which has affected wider service delivery and needs to be addressed. In making these comments,

Inspectors also wish to highlight the good inter-directorate working that exists at sub-directorate level. However, this inspection showed that certain issues need clarifying, including:

- who should attend the Executive Team meetings, including deputies
- the relative influence of the Executive Team members, particularly those with large directorate responsibilities compared with others with more limited functions.

2.8 The working of the Directorates has been greatly assisted by the changes in structure made in 2003, which have strengthened the Service at sub-directorate level and increased its capacity<sup>4</sup>. In particular, the appointment of the three Divisional Directors within the Operations Directorate and the HR Divisional Managers were widely welcomed by staff in other Directorates.

2.9 The Board and the Executive Team need to ensure that the improving effectiveness of the overall structure is supported by early resolution of any outstanding confusion or disagreement about the roles and responsibilities of the Executive Team. (See Recommendation 1 at paragraph 1.19.)

### *Key strategic issues*

2.10 The delay in agreeing the budget for the current year, as mentioned at paragraph 2.3, has been a source of considerable frustration among staff. It has affected CAFCASS's ability to confirm and implement its plans in a timely manner. However, current key issues have been identified and the means of achievement outlined in broad terms in the draft Business Plan for 2004/05, although the plan has yet to be agreed by the Secretary of State. The plan differs from those of previous years because of the decision to postpone the review and publication of the Corporate Plan until the autumn of 2004<sup>5</sup>. Instead, the Business Plan helpfully presents a more strategic view of the coming year.

2.11 CAFCASS is beginning to address another key strategic issue, which is the lack of consensus among other family justice agencies about making sound predictions of the likely demands to be placed on CAFCASS. Such predictions are difficult, given the wide range of factors. As CAFCASS is currently demand-led, these problems create further challenges for long-term planning. Inspectors would encourage CAFCASS to take every opportunity to carry forward the discussions with other agencies to resolve this issue.

2.12 MCSI has already stated in its Overview Report, *Setting a Course* (2003)<sup>6</sup>, that it believes that CAFCASS needs to set out its ambition around escaping certain legacy policies and practices. As the new Board comes to consider the future, MCSI hopes that it will take the opportunity to give careful consideration to the nature of the service it provides. In support of this, it is essential that the Executive Team gives time to structured discussion about the longer-term vision for the Service to ensure that it is able to give appropriate advice to the Board.

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<sup>4</sup> Strengthened capacity at Headquarters was identified by MCSI as an important need in its overview report *Setting a Course* (March 2003), paragraph 2.22.

<sup>5</sup> It is anticipated that the Corporate Plan will be published in April 05 following the review.

<sup>6</sup> Paragraph 2.16.

- 2.13 The necessary focus on the Select Committee report and the linked issue of delay have absorbed the energies of the Executive Team members and senior managers. Significant progress has been made by CAFCASS in addressing delay, with recent performance figures showing a substantial reduction in the number of cases waiting to be allocated. However, other important policy and practice developments, such as quality assurance, have been delayed. MCSI has expressed concern at the absence of effective quality assurance processes and is pleased to note that this is now a priority for the Service.
- 2.14 CAFCASS has moved to incorporate risk management more into its management culture and, as a result, has strengthened its planning processes. The Corporate Risk Register has been brought up to date and now presents a more robust picture of the Service. Identified risks have been linked to objectives and risk owners identified.
- 2.15 The development of the Business Plan for 2004/05 has been strengthened by the efforts to include the wider Service in the process through a series of planning workshops. This has had the twin benefit of capturing the knowledge, views and priorities of regional staff and of valuing their intellectual capital. Such involvement has the potential greatly to increase ownership of the plan among staff and positively affect its delivery.

### *Procedures are in place to ensure that assets are used effectively and meet value for money criteria*

- 2.16 CAFCASS has established strong accounting processes and effective control over its assets, supported by appropriate written guidance for staff. Compliance within the Service is generally good.
- 2.17 The Service is seeking to apply best value principles in the purchase and management of assets. However, current information on costs and cost comparisons are inadequate. CAFCASS has responded by initiating a project early in 2004 designed to deliver a unit cost system to the Service.

### *Standards of performance*

- 2.18 CAFCASS has set draft performance targets for delivery of frontline practice. These are based on Key Performance Indicators (KPIs), targets and activities, which, in turn, carry through to plans for Wales and the English regions. The draft objectives address:
- quality of service
  - broader family support
  - engaging Service users
  - valuing and developing staff
  - value for money.

2.19 Monitoring performance has been difficult for the Service because of the absence of a CAFCASS-wide system and supporting IT infrastructure. As a result, data quality has been inconsistent and this has affected the performance management information, making it harder to evaluate and use effectively. CAFCASS has responded appropriately by seeking to strengthen the performance management system in a number of ways, including:

- the development of a new case management system, which will provide much needed information on the duration of cases and resource usage
- the use of trend information in reports to the Board
- reports to the Board focusing on operational hotspots showing performance over time
- changes to HQ structure, which have the potential to provide a greater focus on performance.

2.20 CAFCASS has also recognised that further work is needed to strengthen the internal reporting systems. MCSI suggests that these steps should include ways for monitoring the implementation of policies and practice across the Service.

## *Inspection and reporting*

- The inspection took place at CAFCASS Headquarters in London.
- CAFCASS Headquarters was given six months' notice of the start of the main fieldwork and of the topics to be inspected. The inspection team was provided with documentary evidence by CAFCASS.
- The inspection team carried out a series of structured interviews with the Board Chair, Executive Team members, and other senior managers at Headquarters.
- MCSI reports do not record the views of identifiable individuals.
- CAFCASS Headquarters has seen this report in draft form. Any comments on factual inaccuracies have been taken into account in this final version.

# MCSI Recommendations and CAFCASS action plan

## **1 MCSI recommendation – Corporate Governance and Strategy & Performance Management:**

*That, in order to improve its Corporate Governance and Strategy & Performance Management, CAFCASS should:*

- *take action to establish a clear and consistent understanding of accountability between the Board and the Executive Team*
- *define the collective role of the Executive Team and reach agreement with the Executive Team members on how that function is to be discharged*
- *develop and implement a strategy to move the whole organisation towards the development of a culture of accountability.*

### **CAFCASS response**

CAFCASS will:

- take action to establish a clear and consistent understanding of accountability between the Board and the Executive Team
- define the role of Executive Team members and its collective role. The new Chief Executive to review the function of the Executive Team on his arrival
- develop and implement a strategy to move the whole organisation towards the development of a culture of accountability. The strategy to incorporate performance, financial, risk and HR management.

**Overall improvement target:** Develop and implement a strategy to develop a culture of accountability. To review the function of the Executive Team.

**By dates:** December 2004

**2 MCSI recommendation – Corporate Governance and Strategy & Performance Management:**

*That, in order to improve its Corporate Governance and Strategy & Performance Management, CAFCASS should develop plans of action to take forward the organisation’s response to the wider issues of diversity, including the Race Relations (Amendment) Act 2000.*

**CAFCASS response**

CAFCASS will develop plans of action to take forward CAFCASS’s wider response to the wider issues of diversity including the Race Relations (Amendment) Act 2000.

**Overall improvement target:** To prepare a detailed plan of action to take forward diversity within CAFCASS, including the Race Relations (Amendment) Act, and meet the targets set out in the plan.

**By dates:** December 2004

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