To:	Legal Services Board		
Date of Meeting:	22 October 2019	**Item:**	Paper (19) 49

Title:	Finance Report to 30 September 2019
Author / Introduced by:	Melanie Stewart, Head of Finance
Status:	Official

Summary:
This paper summarises the financial outturn as at the end of September 2019, and the forecast position for the full year.

Recommendation:
The Board is invited to **review** the Finance Report.

Risks and mitigations	
Financial:	There are no financial risks – this is a factual report
Legal:	There are no legal risks - this is a factual report
Reputational:	The LSB must demonstrate effective management of its funds. This report facilitates Board scrutiny of LSB's financial management and decision-making in relation to allocation of resources.
Resource:	There are no resource risks - this is a factual report

Consultation	**Yes**	**No**	**Who / why?**
Board Members:		✓	N/A- routine update and commentary
Consumer Panel:		✓	
Others:	N/A		

Freedom of Information Act 2000 (FoI)		
Para ref	**FoI exemption and summary**	**Expires**
N/A	N/A	N/A

LEGAL SERVICES BOARD

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Finance report to 30 September 2019

Purpose

1. This paper provides a commentary on the LSB's financial performance for the six months ended 30 September 2019. Variance analysis is attached (**Appendix 1**).

Recommendation

2. The Board is invited to **review** the Finance report.

Performance to 30 September

3. Expenditure to the end of September is £1,765k (September 2018 - £1,772k) against a budget of £1,837k (September 2018 - £1,848k). A £73k underspend compares with a £76k underspend for the same period in 2018/19.
4. The bank balance at 30 September 2019 is £4.7m.
5. A commentary on the more significant variances (reported in Appendix 1) and the potential implications for the year-end projection is as follows:
    a. *Colleague costs (£35k underspent)*: The budget to the end of September is underspent largely for the following reasons:

	£'000 fav / (unfav)
• One policy associate vacancy has been filled later than expected (October start date) • The communications manager vacancy has not been filled, pending review of how the function is resourced • Pay review, budgeted from 1 July, has been approved but not yet paid to staff (back pay to be paid in October payroll)	45
Pro-rated provision for staff training, not utilised to date	6
Use of external recruitment agencies more frequent than anticipated in the period to date	(12)

While the 2019/20 plan for organisation-wide training is now in place and delivery is under way, colleagues will again be reminded of the per capita training budget available to them and encouraged to take up the opportunity prior to the year end. For 2020/21, it is proposed that colleagues be advised that bids for training will need to be submitted as part of the year end appraisal process. If at that point, the per capita budget is projected to be under-utilised, there is still sufficient time for any underspend to be allocated to organisation-wide training (or indeed elsewhere, if the business case can be made).

A change in the recruitment strategy for staff has led to less reliance on more costly, external recruitment agencies which is projected to lead to lower expenditure on recruitment in 2019/20, compared to 2018/19, and this was reflected in the budget. However, HR will continue to challenge recruiting managers to make the case for the use of agencies, and to ensure they are used only exceptionally since spend is currently in excess of budget.

b. *Accommodation (£26k underspent)*: The budget anticipated that costs relating to The Rookery would be incurred from August 1st. The lease was not completed until September 1st leading to savings in rent, rates and service charges.

c. *Outsourced Services and IT costs (£15k overspent)*: The BMG employee engagement survey was brought forward and the £6k cost was incurred earlier than budgeted. IT costs are £9k higher than budgeted, partly due to dual running costs relating to licences for new services being incurred longer than budgeted and partly due to ongoing web hosting costs being higher than budgeted.

d. *Office costs (£7k overspent):* Timing differences relating to the billing of annual licences and subscriptions have resulted in a £7k variance to budget in the year to date.

e. *Governance and support services (£21k underspent):* The cost of a potential recruitment for a new OLC Chair was budgeted in September. Since then, the need for such a recruitment has crystallised, but the costs will be incurred over the period October - January.

f. *Legal costs (£4k overspent)*: The cost of external legal advice has resulted in an overspend to date, but the full year provision for expenditure on external legal advice is not expected to be exceeded.

g. *Research (£9k underspent):* Costs in relation to the technology project and the individual legal needs survey have been incurred later than budgeted resulting in a £9k underspend in the year to date.