LEGAL SERVICES BOARD

Meeting: Legal Services Board meeting

Date: 01 March 2022

Item: Paper (22) 08

Title: Finance Report to 31 January 2022

Author: Stuart Hamill, Head of Finance and IT

Status: Official

Finance report to 31 January 2022

Purpose

1. This paper reports on the LSB's financial performance to 31 January 2022 for the first 10 months of the financial year 2021-22 and reports against the revenue budget and revenue forecasted expenditure of £4.098m for the full year.

Recommendation

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

3. Expenditure for the year to date to 31 January is £3.217m against an approved budget of £3.383m for the same period. This £165k budget underspend in the year to date to January compares with a £121k budget underspend from the prior month (and a £5k budget underspend at the same stage last year, January 2021). While this underspend variance is within the MoJ threshold of 5%, it was addressed by SLT at the Q3 forecast which took place in January to ensure we are making the maximum use of our resources.
4. The Q3 reforecast used the 9 months of actual expenditure to reforecast the remaining 3 months' future expenditure in this financial year. The Q3 forecast supersedes the Q2 forecast as the final reforecast exercise to measure actual expenditure for the remainder of the financial year. The Q3 forecast estimated a full year underspend of £71k. There was agreement at the SLT meeting in January to reallocate £63k of the underspend to 11 workstreams to ensure expenditure is brought back in line with budgeted expenditure of £4.098m. These reallocations can be seen in Annex 2.
5. **Colleague costs £2.177m (£5k underspend to Q3 Forecast)** actual pay costs for the year to date are now £76k below budgeted pay costs. We are utilising the 2021-22 contingency pay budget, having now spent £63k of this £121k budget. The research intern, the policy manager to curate the strategy the additional

OLC board member and two maternity leave covers are now in post with the second maternity leave cover having started on 4 January. The average actual headcount of 33.5 FTE is now slightly above that budgeted (32.3 FTE) due to these additional changes to headcount.

6. **Accommodation costs £34k (£3k underspend to Q3 Forecast)** The material item for Accommodation in 2021-22 has been the retrospective business rates settlement. The VOA have finalised the rateable value for the Rookery office and LB Camden issued the revised rateable demands in January, backdated to the start of the lease in 2019. These have now been settled in full and have resulted in a favourable accrual release of £40k in the January accounts and this was reflected in the Q3 forecast.
7. **Legal costs £14k (£3k underspend to Q3 Forecast**) There have only been £14k of external legal costs in the financial year to date compared to £46k in 2020-21. The Q3 forecast has retained £10k for legal costs and the legal team are now procuring these services in order to receive the external legal advice in Q4.
8. **Research costs £221k (£0k underspend to the Q3 forecast).** The research budget has been increased to £313k for 2021-22, funded by the reallocation of funding from contingency during the year. The LSB research budget has now been fully allocated to seven research projects and all are now underway or have been completed. The Consumer Panel research budget has been increased to £46k and both projects have now been awarded to Mel Research with a view to completing both research projects by year end.
9. All other P&L categories have a variance of £6k or less to the Q3 Forecast.
10. **Income – 2021-22 LSB and OLC levy -** The LSB and OLC levy demands for 2021-22 will be calculated and issued to Approved Regulators in February, following on from the levy estimates issued in June 2021. We will provide an update on the final income figures from this process in the February accounts and finance paper.
11. **Budget 2022-23** – The consultation period to the 2022-23 provisional budget ended on 4 February. We will now start the process of finalising the 2022-23 budget ahead of this financial year end.

Value for money

12. This year we have received an additional central government request for quarterly reporting on organogram data. To make this process as efficient and effective as possible, this reporting output has been built into the existing pay and headcount model which is updated monthly. This ensures consistency with similar reporting outputs we produce and ensures efficiency in reporting by minimising additional work.

Annexes

Annex 1: Comparison of actual to budgeted and forecasted expenditure

Annex 2: Q3 Forecast reallocation of underspend to new workstreams

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

Freedom of Information Act 2000 (FoI)		
Para ref	**FoI exemption and summary**	**Expires**
N/A	None	N/A