Meeting: Legal Services Board meeting

Date: 25 January 2022

Item: Paper (22) 05

Title: Finance Report to 31 December 2021

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Status: Official

Finance report to 31 December 2021

Purpose

1. This paper reports on the LSB's financial performance to 31 December 2021 for the first 9 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 December is £2.919m against an approved budget of £3.039m for the same period. This £121k budget underspend in the year to date to December compares with a £104k budget underspend from the prior month (and a £5k budget underspend at the same stage last year, December 2020). While this underspend variance is within the MoJ threshold of 5%, it will nonetheless be addressed at the Q3 forecast to ensure we are making the maximum use of our resources..
4. The Q3 reforecast is now due to take place in January using the 9 months of actual expenditure and 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 will result in an exercise at SLT to reallocate any forecast underspend to ensure expenditure is brought back in line with budgeted expenditure of £4.098m.
5. **Colleague costs £1.899m (£30k underspend to Q2 Forecast)** actual pay costs for the year to date are now £72k below budgeted pay costs. We are utilising the 2021-22 contingency pay budget, having now spent £44k of this £121k budget. The research intern, the policy manager to curate the strategy and both maternity leave covers are now in post with the second maternity leave cover having started on 4 January. The average actual headcount of 33.2 FTE is now

slightly above that budgeted (32.3 FTE) due to these additional changes to headcount.

6. **Accommodation costs £60k (£2k underspend to Q2 Forecast)** The material item for Accommodation in 2021-22 was the Business rates accrual and the VOA have finalised the rateable value for the Rookery office and passed this to LB Camden. LB Camden have just issued the revised rateable demands in January, backdated to the start of the lease in 2019. These revised figures will result in a favourable accrual release of £40k which will be updated in the January accounts and the Q3 forecast.
7. **Legal costs £14k (£6k underspend to Q2 Forecast**) There have only been £14k of legal costs in the financial year to date compared to £46k in 20-21. With a budgeted amount of £50k for the year, we have returned some of this underspend back to Contingency at the Q2 forecast and will likely release more back at the Q3 forecast.
8. **Research costs £189k (£10k underspend to the Q2 forecast).** The research budget has been increased to £313k for 21-22, 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 so the underspend is merely a timing difference. The Consumer Panel research budget has been increased to £46k and procurement is underway on the two projects with a view to procuring and completing the research by year end.
9. All other P&L categories have a variance of £5k or less to the Q2 Forecast.
10. **HMRC PAYE legacy liability** – LSB's historic PAYE liability was finalised by HMRC at £53.2k including interest and with no penalties or fines included in this amount. We formally accepted these findings in a letter to HMRC and settled this amount in full during December. HMRC have confirmed receipt of the payment and that it has been allocated to our account. We can now conclude this item in the 2021-22 ARA.

Value for money

11. We recently renewed the audio visual (AV) support contract with our existing suppliers Design integration for a further 12 months. Remaining with the same supplier in this instance has resulted in a 40% saving on the 2021 contract cost, even though we have increased our AV provision with the new AV unit in meeting room 2.

Annexes

Annex 1: Comparison of actual to budgeted and forecasted expenditure

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