Meeting: Legal Services Board meeting

Date: 26 October 2021

Item: Paper (21) 52

Title: Finance Report to 30 September 2021

Author: Stuart Hamill, Head of Finance and IT

Status: Official

Finance report to 30 September 2021

Purpose

1. This paper reports on the LSB's financial performance to 30 September 2021 for the first 6 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 30 September is £1.889m against an approved budget of £2.026m for the same period. This £137k budget underspend in the year to date to September compares with a £99k budget underspend from the prior month (and a £51k budget underspend at the same stage last year, September 2020). This underspend variance to budget is now 6.7% so outside the MoJ variance threshold of 5%. This underspend was addressed at the Q1 forecast in July but will need to be revisited at the Q2 forecast to ensure we are on target to reach budgeted expenditure of £4.098m.

4. The Q2 reforecast will use 6 months of actual expenditure and reforecast the remaining 6 months future expenditure in this financial year. However, with the 2022-23 budget being bought forward to October, the Q2 forecast will now take place in November. The Q2 forecast will supersede the Q1 forecast as the target to measure actual expenditure for the remainder of the financial year.

5. The Q1 forecast identified a predicted underspend of £58k for the full year which enabled SLT to make a decision to reallocate £50k of this underspend to bring forward research work. The Q2 forecast is likely to result in a similar exercise to reallocate underspend to ensure expenditure is brought back in line with budgeted expenditure of £4.098m.

6. **Colleague costs £1.226m (£36k underspend to Q1 Forecast)** actual pay costs for the year to date are now £76k below budgeted pay costs, mainly due to the fact that we have only utilised £7k from the 2021-22 contingency pay budget of

£146k. There has been no parental leave or sick leave that has required cover and the policy manager to curate the strategy and the research intern only started in September. The average actual headcount of 32.5 FTE is in line with that budgeted (32.3 FTE).

7. **Research costs £99k (£4k underspend to Q1 Forecast)** An exercise has taken place to reforecast the Research budget in September, given changes in prioritisation since the start of the financial year. This can be seen in an increase in the robustness of the research approaches for case studies on consumer vulnerability and the social acceptability of developments in technology. This reforecast now includes the SLT decision to reallocate £50k to fund the bringing forward of external research on professional indemnity insurance.

   This has resulted in a new Research cost forecast for 2021-22 which can be seen in Annex 2.

8. **Accommodation costs £44k (£12k underspend to Q1 Forecast)** LSB received 18 months of backdated invoices for electricity from our Landlord, the TUC, in September. These have resulted in a credit of £6k as actual costs were materially down on those forecasted, mainly as a result of the multiple Covid lockdowns. The material item for Accommodation in 2021-22 is Business rates and negotiations are ongoing with LB Camden and the VOA to finalise our demands which backdate to the start of the lease in 2019. We are aiming for conclusion on this item by Christmas.

9. **Legal costs £10k (£10k underspend to Q1 Forecast**) There has only been £10k of legal costs in the financial year to date. The Q1 forecast kept legal costs at the budgeted amount of £50k for the year. We now need to consider returning some of this budget to Contingency at the Q2 forecast as legal spend has remained minimal. However legal spend is often reactive and so cannot be forecasted in advance.

10. All other P&L categories have a variance of £5k or less to the Q1 Forecast.

Value for money

11. Given the new flexible working policy and the evident change in the ways in which colleagues work, we have decided not to renew our travel insurance as we consider this cover does not offer value for money now, given the minimal travel undertaken by colleagues so far in 2021-22 and the HMRC decision to classify NED travel to LSB as commuting (which would therefore not be covered).This is also in line with the MoJ guidance to self-insure.

Annexes

Annex 1: Comparison of actual to budgeted and forecasted expenditure

Annex 2 : Research expenditure forecast by programme/project

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