LEGAL SERVICES
BOARD

Meeting: Legal Services Board meeting

Date: 26 April 2022

Item: Paper (22) 26

Title: Finance Report to 31 March 2022

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Status: Official

Finance report to 31 March 2022

Purpose

1. This paper reports on the LSB's financial performance to 31 March 2022 for the full financial year 2021/22, prior to the preparation of the Resource accounts and the external audit. We are reporting against revenue budgeted and revenue forecasted expenditure of £4.098m for the full year.

Recommendation

2. Board is invited to **review** the Finance report (Annex A).

3. **Expenditure for the full year to 31 March is £4.040m** against an approved budget of £4.098m for the same period. This £58k budget underspend for the full year compares with a £137k budget underspend from the prior month (and a £18k budget underspend at the same stage last year, March 2021). The underspend variance has been reduced to 1.4% and is well within the MoJ threshold of 5%. The underspend peaked at 6.7% in September 2021, but the actions taken by SLT in the Q2 and Q3 forecast exercises enabled surplus budget to be reallocated and these resources to be utilised in good time for year end. The final outturn with a small underspend is the optimal position.
4. **Colleague costs £2.595m (£27k underspend to Q3 Forecast)** actual pay costs for the year to date are now £60k below budgeted pay costs. We have now utilised most of the 2021/22 contingency pay budget, having spent £106k of this £121k budget. The combined performance award spend for colleagues this year is £9.7k for both team and individual awards. The average actual headcount of 33.9 FTE is now slightly above that budgeted (32.3 FTE) due to the additional changes to headcount as a result of movement in items such as parental leave cover.

5. **Outsourced office and IT costs £141k (£24k overspend to Q3 Forecast)** The overspend has been caused by the re-allocation of surplus resource to an IT security project, as agreed at the Q3 forecast, which took place in March 2022 in response to the heightened cyber security risks we have seen in the UK. This has enabled the upgrade of our anti-virus software (to MS Defender), the upgrade our laptops (to Azure AD) and the move of our remote desktops from an office-based server onto a virtual, cloud based solution.
6. **Office costs £86k (£13k overspend to Q3 Forecast**) This overspend also resulted from the reallocation of surplus resource at the Q3 forecast to enable the construction of a microsite (sub-site of the LSB's website) to track progress being made against challenges set out in the strategy and to highlight key stakeholder activities and share research. This microsite has now been handed over to the LSB.
7. **Research costs £308k (£4k overspend to the Q3 forecast).** The research budget was increased to over £300k in the Q3 forecast, funded by the reallocation of funding from contingency. This now includes an additional research project to review the decisions of the Financial Ombudsman which was completed in March. The Consumer Panel research budget has been increased to £46k. Both consumer panel projects (the tracker survey and qualitative research) have been completed in time for March month end.
8. All other P&L categories have a variance of £5k or less to the Q3 Forecast.
9. **Income – 2021/22 LSB levy –** In February, we issued the LSB levy demands for 2021/22, totalling £4.080m, for payment by year end. At year end, we had received £4.077m in cash receipts with an average to pay of 20.9 days (20-21, 23.0 days). There was one overdue levy demand at financial year end for £3k relating to the ACCA. This was received at the start of April.
10. **Cash** - Cash at year end is £6.516m and Annex 2 shows how the LSB has generated and spent their funding over the year. Payment to HMRC for PAYE and National Insurance contributions (£1.034m) now exceed all supplier and expenses payments combined (£959k).
11. **Capex –** Capex spend has been minimal this year, totalling £11k. This has been spent on mobile AV equipment and new blinds at the Rookery office and some minor IT hardware and software (laptops, monitors and perpetual licences).
12. **Budget 2022-23** – We have received the interim letter of authority from the MoJ giving LSB permission to spend the revenue budget of £4.287m and capital budget of £74m in the new financial year 2022/23. We now await the formal Budget Variation (BV1) letter from the MoJ by 30 June.

Value for money

13. LEAN methodology looks to strip out over processing including duplication to achieve efficiency. One simple example this month is where Bank holidays have been booked out in colleagues Outlook calendars centrally rather than 40 colleagues individually creating these appointments in their own calendars.

Annexes

Annex A: Comparison of actual to budgeted and forecasted expenditure

Annex B: LSB – How we generated and spent our money in 2021-22

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