Meeting: Legal Services Board

Date: 08 June 2021

Item: Paper (21) 33

Title: Finance Report to 30 April 2021

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Status: Official

Finance report to 30 April 2021

Purpose

1. This paper reports on the LSB's financial performance for the month to 30 April 2021, the first month of the new financial year 2021-22 and reports against the new revenue budget of £4.098m for the full year.

Recommendation

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

3. Expenditure for the year to date to 30 April is £314k against an approved budget of £321k for the same period. This £8k budget underspend in April compares with a £18k budget underspend for the year 2020-21 (and a £42k budget underspend at the same stage last year April 2020). This underspend variance to budget is 2.5% so well within the MoJ variance threshold of 5%.

4. **Colleague costs £202k (£1k underspend to Budget)** Actual pay costs for April were essentially in line with the budgeted costs calculated from the pay model and the actual 32.0 FTE was 0.3 FTE less than budgeted due to some changes in colleague hours post budget.

5. **Legal costs £1k (£3k underspend to Budget**) –There was minimal spend on legal costs in April. The budget has the 21-22 legal costs budget of £48k spread equally across each month as legal spend is reactive and so cannot be forecasted in advance.

6. All other P&L categories have a variance of £1k or less to the Budget.

IFRS16

7. IFRS 16 came to effect for LSB from 1 April 2021. The impact of IFRS16 on the LSB financial statements in April is the creation of:

    a) a right of use fixed asset for the Rookery lease of value £377k which will be depreciated over the life of the lease to September 2024.

    b) a lease liability of value £456k representing future amounts owed to the landlord TUC over the remaining life of the lease.

Resource accounts 2020-21

8. For the financial year 2020-21, following the addition of year end adjustments and completion of the 2020-21 external audit, expenditure was slightly reduced by £9k to £3.905m so an £18k underspend against the approved budget of £3.923m.

9. The legacy PAYE liability has been added to the Resource accounts to create a Net Expenditure (deficit) for 2020-21. We have been informed that HMRC have allocated our voluntary disclosure case but at the moment, we still have not received any communication from HMRC so we still intend to include the £74.1k figure as a provision, as stated in the 2019-20 ARA. This will be funded from reserves rather than levy as agreed with MoJ.

Value for Money

10. **Procurement** – we have renegotiated our life assurance contract with Canada Life. Financial analysis show our premiums have only increased by less than 4% over 4 years compared with CPI of 6.8% over the same period.

11. **Efficiency** – from April 2021, the bank reconciliation, cash flow forecast model and MOJ cash flow return have been combined into one model to achieve efficiency in our work and consistency in our outputs.

Annexes

Annex 1: Comparison of actual to budgeted 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