To:	Legal Services Board		
Date of Meeting:	24 October 2018	**Item:**	Paper (18) 54

Title:	Finance Report to 30 September 2018
Author / Introduced by:	Rusere Shoniwa, Interim Director of Finance and Services
Status:	Official

Summary:
This paper summarises the financial results and position as at the end of September 2018.

Recommendation:
The Board is invited to **review** the Finance Report.

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

Consultation	**Yes**	**No**	**Who / why?**
Board Members:		✓	N/A- routine update and commentary
Consumer Panel:		✓	
Others:	N/A		

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

LEGAL SERVICES BOARD

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Finance report to 30 September 2018

Purpose

1. This paper provides a brief commentary on the half year ended 30 September 2018. A financial report is attached (**Appendix 1**).

Recommendation

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

Points to note

3. This report covers the first six months of the 2018-19 financial year.

4. *Cumulative expenditure* to the end of September is **£1,771k** (September 2017 - £1,616k) against a budget of **£1,846k** (September 2017 - £1,700k) resulting in an underspend of **£75k** (September 2017 - £84k).

5. *The bank balance* at 30 September 2018 is £5.1m.

6. A commentary on the more significant variances (reported in Appendix 1) is provided below. The commentary includes a discussion of the implications of these variances for end of year projections.

   a) *Colleague costs*: Of the favourable variance reported of £40k, £26.5k relates to direct payroll cost. The remainder of the variance (£13.5k) is largely attributable to a timing difference between the pattern of the profiled budget and the actual spend in respect of training and recruitment costs. This £13.5k variance is therefore expected to reverse to a neutral position in the second half of the year.

   In relation to the direct payroll cost variance of £26.5k, a simple extrapolation of this variance to the end of the year would suggest a full-year forecast underspend of £53k. However, this headroom will be utilised through an interim contract extension for a regulatory policy associate, an interim short-term contract for an IT specialist to assist with the IT procurement project and a likely overlap of finance leads to ensure a proper hand-over from the interim finance director to a new financial controller.

   Last year's actual full-year direct payroll underspend was £205k whereas, we are expecting the full year spend to be on budget. As discussed in earlier finance board papers, the current trajectory is due to operation at full staff complement this year.

b) Accommodation: Some headroom is emerging here with an underspend of £9k at the half-year mark. This relates to general repairs expenditure, the budget for which has tended not to be fully utilised. This accords with the full year forecast underspend of £18k which is expected to be fully utilised through additional expenditure on research, and any other contingencies arising.

c) *Office costs* - Some headroom is emerging with an underspend of £8k at the half-year mark. There has in the past been a tendency towards a small element of structural underspend in this area with the full-year forecast underspend expected to be around £12k by the end of this financial year. Approximately £8K of this underspend will be used to meet anticipated Q1 spend on board portal costs not included in this year's budget.

d) *Governance and Support Services* – The unfavourable variance of £6k here relates to a mismatch between the budget profiling of internal audit expenditure and the actual spend in the ledger which has been recorded as accruing evenly over the year. This will reverse as the year progresses.

e) *Research* – The favourable variance of £14k is due to a mismatch between the budgeted profile of research expenditure and the actual pattern which is lagging behind the budget profile. Actual spend is fully expected to catch up with the profile in the second half of the year.

7. *Summary*: An analysis of the underspend of £75k at the half-year mark shows that it includes timing mismatches of around £21.5k (Training: £13.5k; governance and support: -ve £6k; research: £14k). The remaining 'true' underspend emerging of £53.5k has been earmarked to address contingencies noted in 6 a, b, c and e above. Projections at the half year mark indicate that we are on target to achieve performance within budget but that budget management will be significantly tighter than the previous year.