

Meeting: Legal Services Board meeting
Date: 21 September 2021
Item: Paper (21) 46
Title: Finance Report to 31 August 2021
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Status: Official

Finance report to 31 August 2021

Purpose

1. This paper reports on the LSB's financial performance to 31 August 2021 for the first 5 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. SLT is invited to **review** the Finance report.
3. Expenditure for the year to date to 31 August is £1.547m against an approved budget of £1.646m for the same period. This £99k budget underspend in the year to date to August compares with a £63k budget underspend from the prior month (and a £56k budget underspend at the same stage last year, August 2020). This underspend variance to budget is now 6.0% so outside the MoJ variance threshold of 5%. This underspend was addressed at the Q1 forecast in July and the action is covered in Paragraph 5 below.
4. The Q1 reforecast exercise took place in July, using 3 months of actual expenditure and reforecasting the remaining 9 months future expenditure in this financial year. The Q1 forecast supersedes the Budget 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 and SLT made a decision to reallocate £50k of this underspend to fund the bringing forward of external research on professional indemnity insurance, identified as a priority workstream for future years of the strategy. This reallocation would result in forecast expenditure being brought back in line with budgeted expenditure of £4.098m.
6. **Colleague costs £1.012m (£22k underspend to Q1 Forecast)** actual pay costs for the year to date are now £68k below budgeted pay costs, mainly due to the fact that there has been no call on the 21-22 contingency pay budget of £146k in the YTD. This is partially addressed with the recruitment of a policy manager to

curate the strategy and of a research intern, both starting on 1 September. At the Q1 forecast, SLT agreed to release £25k from the Contingency pay budget back to the Contingency pot. Average actual headcount of 32.6 FTE is slightly above that budgeted (32.3 FTE) due to some small increases in hours and some overlap FTE.

7. **Research costs £52k (£20k underspend to Q1 Forecast)** The underspend is due to some slippage on the completion of the small business needs research when compared to the progress forecasted at the start of July. This underspend will disappear as the work is completed in September and October.
8. **Accommodation costs £43k (£5k underspend to Q1 Forecast)** This small variance is mainly due a lack of spend on office equipment and couriers over summer. The material item for Accommodation in 2021-22 is Business rates and negotiations are ongoing with the London Borough of Camden and the Valuations Office Agency to finalise our demands which backdate to the start of the lease in 2019.
9. **Legal costs £11k (£5k underspend to Q1 Forecast)** There has only been £11k of legal costs in the financial year to date. The Q1 forecast kept legal costs at the budgeted amount of £50k for the year so some of this budget may be returned to Contingency at the Q2 forecast if spend remains minimal. However legal spend is often reactive and so cannot be forecasted in advance.
10. All other P&L categories have a variance of less than £5k to the Q1 Forecast.

Value for money

11. We have concluded some negotiations with our outsourced supplier TiG on disputed invoices which dated back to 2020. This has resulted in credit notes for LSB totalling £3k and this has meant LSB are now back under budget for this spend category and there are no long standing balances owing to this supplier.

Annexes

Annex A: 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 (Fol) | | |
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| Para ref | Fol exemption and summary | Expires |
| N/A | None | N/A |