Meeting: Legal Services Board meeting

Date: 21 March 2023

Item: Paper (23) 21

Title: Finance Report to 28 February 2023

Author: Stuart Hamill, Head of Finance and IT

Status: Official

Finance report to 28 February 2023

Purpose

1. This paper reports on the LSB's financial performance to 28 February 2023, the first 11 months of the financial year 2022/23. We are reporting against the revenue budgeted and forecasted expenditure of £4.287m and capital budgeted expenditure of £74k for the full year.

Q3 Forecast

2. A reforecast exercise took place in February (Q3 Forecast). This supersedes the 2022/23 Q2 Forecast and is currently the main reference point against which actual expenditure is measured in the Finance report being presented monthly to Board. High level, this forecast is aiming to utilise our approved budgeted revenue expenditure of £4.287m in 2022/23 in full.

3. The Q3 Forecast was reviewed and approved by SLT at the General strategy meeting which took place on 22 February.

4. SLT agreed to several new items of forecasted expenditure in the Q3 forecast including the proposed increase by NAO to the external audit cost for 2022/23, the recruitment cost of an additional ARAC member and podcast editing costs. SLT agreed to the funding of these items utilising the forecasted contingency underspend, leaving £12k Contingency budget remaining.

Recommendation

5. The Board is invited to **note** the Finance report (Annex 1).

6. **Expenditure for the year to 28 February is £3.790m** against the forecasted expenditure of £3.823m for the same period. This means there is a 0.9% underspend against the Q3 forecast (£33k). The year-to-date underspend against budget is now £92k. At the same stage last year, February 2022, there was a £137k budget underspend.

7. The **YTD underspend variance against budget is 2.4%.** This is outside the MoJ variance threshold of 1% (£43k) but the rolling forecast estimates a small underspend of £20k for the full financial year. This provides evidence that we will be very close to budget by year end to meet the MOJ target. However, there is planned expenditure in March which we need to achieve to minimise the risk of any underspend outside the MoJ threshold.

8. **Colleague costs £2.485m (£7k underspend to Forecast)** this month, there was one leaver and a reduction in hours for one colleague. Accrued leave is now confirmed to be at the same level as 2022 and will likely fall in March, resulting in a cost saving this year. The average FTE for the YTD is 35.4 and there is one vacancy as at February month end. With a further leaver in March, there will be some colleague cost savings from carrying the vacancies to year end.

9. **LSB Research costs £186k (£11k underspend to Forecast).** There remains £75k of the LSB research budget to be carried out by the end of March which will be key to achieving the budgetary target. The PII and financial protections policy research taking place in conjunction with the SRA has a £30k budget to be spent in March and the contract for the Single Digital Register feasibility for £30k will be let imminently with PA Consulting. The Rule of Law review will be deferred into the 2023/24 financial year.

10. All other P&L categories have a variance of £3k or less to the Q3 Forecast.

Value for money

11. The LSB attrition rate for 2022/23 will be 12.5% compared to 21% for 2021/22. This material reduction will deliver value for money in several areas. Economy savings will be made from LSB recruitment costs falling by £10k (25%) from £41k last year to £31k this year. There will be efficiency and effectiveness savings from a fall in hours spent on recruitment by existing staff (down from 94 hours in YTD Apr - Dec 2021 compared to 25 hours in YTD Apr - Dec 2022) and from less time being spent on training new staff and from new staff getting up to speed to deliver tangible outputs.

Annexes

Annex 1: Comparison of actual to budgeted and forecasted expenditure

Risks and mitigations	
Financial:	The LSB must demonstrate effective management of its funds. This monthly report facilitates regular Board scrutiny of LSB's financial management and decision-making in relation to allocation of resources.
Legal:	N/A
Communications and engagement:	N/A.
Equality and diversity:	N/A
Resource:	N/A
Environmental:	N/A

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