Meeting: Legal Services Board meeting

Date: 18 July 2023

Item: Paper (23) 47

Title: Finance Report to 30 June 2023

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Status: Official

Finance report to 30 June 2023

Purpose

1. This paper reports on the LSB's financial performance for the first quarter of the new financial year to 31 March 2024. We are reporting against the revenue budgeted income and expenditure of £4.679m and capital budgeted expenditure of £74k for the full year as agreed by the LSB Board.

Recommendation

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

3. **Expenditure for the year to date to 30 June is £982k** against the budgeted expenditure of £1,024k for the same period. This year-to-date underspend of £42k is an underspend of 4% against the Budget (the May underspend was £52k equivalent to 8%).

4. The **year-to-date underspend variance against budget is 4%.** This is not within the MoJ variance threshold of 1% (£10k). The long-term objective is to come within the MoJ variance threshold target of 1% by year end March 2024. We will manage the position in year using rolling forecasting with quarterly reviews at SLT to reallocate budget where required. This compares to a £40k budget underspend at the same point last year (June 2022).

5. The **Q1 forecast** will take place in July and this will be the first opportunity to revisit the 2023/24 budget in detail to understand whether the underspend in merely timing differences or there is opportunity to reallocate some of these underspends to alternative projects and workstreams.

6. **Colleague costs £691k (£1k overspend to Budget)** the Budget included a YTD headcount of 37.1 FTE to June 2023 and did not include a vacancy factor. Actual YTD headcount is 34.1 FTE and so we have made vacancy savings. We

have one vacancy in June; a Regulatory Policy Associate post following an internal promotion.

7. **Fixed payment to colleagues** Cabinet Office announced in June that eligible non-SCS civil servants will each be paid a £1,500 non-consolidated payment in 2023/24 to address the cost of living crisis. We have liaised with the MoJ who have confirmed this applies to LSB colleagues (who are public servants) and that the MoJ intend to pay their staff on their July payroll. The MoJ confirmed the funding for these payments is still uncertain. The LSB has accrued for the full cost in June (£42k including employer NICs). The LSB also intends to pay our colleagues in July to align with the MoJ. This has offset the vacancy savings made in Q1 and has reduced our overall underspend in paragraph 3.

8. **Pay Remit -** the 2023 Pay Remit for non SCS colleagues has been published by the Cabinet Office, allowing departments to make average pay awards up to 4.5% with an additional 0.5% for lower paid colleagues. We included an 8% pay award in our 2023/24 budget. Our pay remit year has now concluded on 30 June so we can now finalise the business case for the LSB pay award for 2023, for submission to the MoJ and Cabinet Office.

9. **Legal costs £1k (£12k underspend to Budget).** There has been minimal external legal spend in the year to date. The budget for 2023/24 has an external legal costs budget of £46k spread equally across each month as legal spend is reactive and cannot be forecasted in advance.

10. **Research costs £0k (£9k underspend to Budget)** There has been no research spend in the year to date (LSB or Consumer Panel). The draft contract for the Rule of Law research project has been sent to the chosen supplier so this research is expected to commence imminently.

11. **Consumer Panel £49k (£10k underspend to Budget)** The Budget included £10k for an Unmet legal needs seminar in June. This has now been scheduled for October and this change will be reflected in the Q1 forecast.

12. All other P&L categories have a variance of £5k or less to the Budget.

13. **Budget 2023/24 – MoJ update** –MoJ have made the necessary corrections to its erroneous LSB budgeted expenditure figure for 2023/24 as part of the BV2 reforecast exercise in June so the LSB is now cost neutral. We have received the formal Budget Variation (BV1) letter from the MoJ at the end of June 2023 and LSB will be responding in July.

Value for money

14. We have recently renewed our annual contract with Microsoft for our software licences. This involved an exercise with our outsourced IT supplier Rock to review each of our Microsoft licences to ensure they were still relevant for our business needs. This exercise identified that Audio Conferencing licences were no longer needed as other Microsoft licences now provide the needed functionality. This will provide a saving of £1k annually.

Annexes

Annex 1: Comparison of actual to budgeted 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