Meeting: Legal Services Board meeting

Date: 29 April 2025

Item: Paper (25) 19

Title: Finance Report to 31 March 2025

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Status: Official

Finance report to 31 March 2025

Purpose

1. This paper reports on the LSB's financial performance for the full financial year 2024/25.

Recommendation

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

Summary

3. **Expenditure for the full year to 31 March is £5.219m** against the forecasted expenditure of £5.344m for the same period. This underspend of £124k is an underspend of 2.3% against the Q3 Forecast, mainly as a result of an underspend on external legal costs covered in paragraph 8.

4. However, the full year underspend against the original Budget of £5.271m is only £52k (1.0%). This is now within the MoJ variance threshold (1%).

5. This underspend against budget will mean there will be a prior year LSB rebate which will reduce the cost of next year's LSB levy to Approved Regulators, subject to the external audit by Deloitte which is taking place in April and May.

6. LSB was granted authority to spend an additional £250k in addition to our original budget of £5.271m for this financial year, as agreed by the Board and the Ministry of Justice (MoJ). The authority was sought in anticipation of potential legal proceedings and consequential engagement of external legal services. However, for reasons outside of the LSB's control, the need to spend the contingency did not materialise in this period. As the Board may recall, given our usual budget we do not usually retain a contingency fund to cover this type of expenditure. The late confirmation of this underspend has meant it was not included in previous financial information.

7. **Colleague costs £3.382m (£11k underspend to Q3 Forecast)** – The FTE Headcount for March was 42.1 FTE so in line with budgeted complement of 42.0 FTE with no vacancies at year end. The movement in the accrued leave provision at year end was only £4k, against the Q3 Forecast estimate of £20k.
8. **Legal costs £337k (£105k underspend to Q3 Forecast)** – The Q3 Forecast at the end of January estimated external legal costs would be £442k for the full year. The actual spend was £337k. The £105k variance against the Q3 Forecast was mainly owing to the issues referenced in paragraph 6. March saw only £17k of legal costs incurred, mainly from the SSB review being carried out by Carson McDowell (£16k).
9. **Research costs £200k (£0k variance to Q3 Forecast)** – The legal services prices survey research was completed by year end and work commenced in March on the public panel. The Consumer Panel's consumer experiences research project had 90% completion and the Consumer Panel tracker had 50% completion at the end of March, both broadly in line with that forecasted.
10. **Accommodation £152k (£11k underspend to Q3 Forecast)** – We received the Q2 2024 (up to June 2024) electricity charge for our office from the TUC, which was less than we had estimated. There are still 9 months of electricity billing outstanding to March 2025 which we have accrued for in the year end accounts.
11. **Governance and Support services £99k (£11k overspend to Q3 Forecast**) – the overspend is due a number of factors which have arisen since the Q3 Forecast, mainly additional executive and non-executive recruitment costs.
12. All other P&L categories have a variance of £5k or less to the Forecast.
13. **Budget 2025/26** – a revenue budget of £5.873m and a capital budget of £924k was approved by the Board in March. We have received the interim letter of authority to spend from MoJ while we await the formal agreement of the levy from the Lord Chancellor.
14. **Office move** – the revenue budget for 2025/26 is now confirmed at £68k for one-off costs and at £265k for running costs, based on the existing running costs at the Rookery. The office move capital budget is confirmed at £274k.
15. **Spending Review** –further MoJ commissions have been received in March including on headcount from 2010 and on the usage of Government Procurement Cards (GPCs). It is anticipated that the three-year Spending Review will follow in Spring 2025.
16. **Levy Income –** we issued 8 levy demands to the Approved Regulators in February, totalling £5.142m. As at year end, we have received the full £5.142m with all Approved Regulators paying within the specified time period.
17. **2025 LSB Conference –** the 2025 LSB conference took place on 6 March. The conference budget was £63.8k which was approved at the Q3 Forecast. The actual costs were £63.8k so the conference was delivered on budget.

18. **Value for money update** – LSB report on the prompt payment of supplier invoices to the MoJ every quarter and prompt payment is also reported in our Annual Report and Accounts (ARA) and in our quarterly performance reporting.
19. We are measured against the Government's KPI of 90% of undisputed and valid invoices from SMEs to be paid within 5 working days and 100% of all undisputed and valid invoices to be paid within 30 days. Prompt payment of suppliers is an indication of an efficient accounts payable function in an organisation.
20. For 2024/25, 96% of undisputed invoices have been paid within 5 working days and 100% within 30 days. This is the fourth year we have met or exceeded the Government KPIs. Our average payment time was 2.2 working days.

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
Comms & 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